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REMARKS

ON

THE VOLUME

OF

HYDRABAD PAPERS,

PRINTED FOR THE USE OF THE

EAST INDIA PROPRIETORS.

BY THE

HON. DOUGLAS KINNAIRD.

LONDON:

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1825.

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PRINTED BY THOMAS DAVISON, WHITEFRIARS.

TO

THE RIGHT HONORABLE

GEORGE CANNING,

&c. &c. &c. &c.

SIR,

THE volume of papers, upon which the accompanying remarks are made, was printed for the purpose of exposing the truth or the falsehood of reports, deeply affecting the public honor and character of the late Governor-general of India, the Marquis of Hastings.

As that nobleman's brilliant services were, for the most part, rendered during the period in which you presided over the Board of Controul, and have found in you their official and eloquent panegyrist before the assembled representatives of his country, it is to be presumed you cannot be indifferent to the result of the examination of these documents.

In the confident anticipation that the following pages will exhibit the untainted purity, the statesmanlike wisdom, and the indefatigable zeal of the Marquis of Hastings, in every detail of this misrepresented and calumniated passage of his government, I venture to submit them to your unprejudiced perusal.

I have the honor to be,

SIR,

Your very obedient and humble Servant,

DOUGLAS KINNAIRD.

Pall Mall East,
February 23d, 1825.

REMARKS, &c.

The following remarks are the result of an attentive examination of the volume of papers printed by the East India Company, entitled *Papers relating to the Pecuniary Transactions of Messrs. W. Palmer and Co. with the Government of his Highness the Nizam.*

Their publication was called for by a Court of Proprietors of East India stock, upon the motion of Mr. John Smith, M. P., subsequent to the refusal of the Chairman to give any reply to a question, publicly put to him, whether any charge of misconduct had been, or could be substantiated against the Marquis of Hastings for any part of his civil administration of the government of India. If any such charge can be substantiated against that distinguished person, it is to be presumed that the proofs are to be found in this volume of papers.

The calumny of which the friends of the Marquis of Hastings thought it necessary to take public notice, was contained in the following allegation. That Sir William Rumbold had been invited by the Marquis of Hastings to accompany him to India, being a creditor on his Lordship for a large portion of his wife's (Lady Rumbold's) fortune; of which Lord Hastings was a trustee. That Lord Hastings was to compensate Sir William Rumbold, by using his power and his influence in his favour, on any occasion that might present itself. That he, (Lord Hastings,) had a corrupt interest and motive for so doing: that, in contemplation of availing himself of

Lord Hastings' undue favour and protection in behalf of any commercial establishment with which he might connect himself, Sir William Rumbold sought and formed a connection with the firm of W. Palmer and Co., of Hyderabad.

That thereupon Lord Hastings did give to that establishment improper countenance and privileges, contrary to his duty and to the interests committed to his charge; — particularly, 1st, by granting to the firm of W. Palmer and Co. a licence exempting its members, in the terms of the 37th Geo. 3d., from the penalties attached to dealings in money between British subjects and native princes; such licence being dated July 23d, 1816; — 2dly, in corruptly sanctioning in October 1819 their establishment at Aurungabad, and their contract with the Nizam's minister, Chundoo Loll, for the regular monthly payment of a body of reformed regular troops; — 3dly, In sanctioning a loan from W. Palmer and Co. to the Nizam's government on the 15th of July, 1820; all these acts being done for the purpose of enabling the house of William Palmer and Co. to make inordinate gains at the expence and to the ruin of the Company's ally, the Nizam. The Company's resident at Hyderabad, Mr. Russell, is libelled as having been a secret partner or participator in these undue gains of the house, and as having, therefore, corruptly recommended the above mentioned sanctions. The minister, Chundoo Loll, is also alleged to have wilfully sacrificed his country's interest, from his supposed conviction of the power that Sir William Rumbold had over the mind of the Governor-general, whose favour and support were necessary to him, Chundoo Loll, for his continuance in office. And the house of W. Palmer and Co. is charged collectively and individually with extortion, usury, legerdemain, fraud, infamy, and perjury.

An attentive examination of the Hyderabad papers has not only led the author of these remarks to the conclusion, that there is not the slightest ground for

any one of the above charges against any one of the above persons; but it has enabled him, he thinks, to discover the sources in which they had their origin, the means by which they were put into secret circulation, as well as the gross credulity by which they were encouraged into open assertion. It is owing to their present publication alone, that the destined victims of calumny and injustice have been enabled to learn the crimes, of which, without trial and without a hearing, they have been declared guilty, and for which they have been persecuted with a reckless attack on their characters and fortunes. No call has been made upon them, no opportunity has been afforded to them, to reply to accusation, to explain misapprehension, or to disprove mis-statement.

Mr. Russell thus addresses the Court of Directors on the subject. " The proceedings out of which those allegations have arisen, have, from first to last, been concealed from us. The acrimonious party spirit in which they originated is manifest in the tone and temper which pervade the whole correspondence; and although, when much higher authority is assailed, we ought not, perhaps, to complain, that some blows fall on us also; still we do very much complain that on an occasion affecting our characters as public servants, we have been denied every opportunity of repelling what was false, of explaining what was doubtful, or of saying one single syllable in our justification." *

Thus, in the absence of any specific charge, and of any responsible accuser, the objects of attack are compelled to labour through an enormous folio volume of correspondence, to pick out the matter on which they have been condemned. It is, however, only necessary to be really acquainted with the contents of this volume, to establish the utter absence of all ground on which the accusations have been made.

* Mr. Russell's Letter, of 1824, to the Court of Directors, p. 1.

Whether the original motive for these calumnies may have been to injure Sir William Rumbold and his partners, or Mr. Russell, or Lord Hastings, it is abundantly apparent that their judges and their accusers have been equally ready to believe without examination, and to record as true every charge that has been made. In the course of these observations the author has not knowingly stated a single fact, for which he has not cited his authority, or given an immediate reference to the document.

The plot being laid in a country, with the manners, habits, and laws of which comparatively few of that public before whom the accusation is made, are acquainted; it may not be without advantage to give some general idea of its condition, and of the relation in which the native and the Bengal governments stood towards each other. The description shall be given principally in the language of Mr. Russell, extracted from several of the Resident's dispatches in the years 1810, 1815, 1817, and particularly from a report of 1819, which Mr. Russell was called upon to transmit in the discharge of his official duty as Resident, at the conclusion of Lord Hastings' brilliant achievements for the pacification of India. These will, at the same time, exhibit how differently both the Governor-General and the Resident were employing their energies, from combining and plotting the ruin of their ally.

Previous to the perusal of the following documents, it is only necessary to state, that the Nizam is the Sovereign of one of the very few Indian states that still retain a nominal independence, guaranteed by British protection; and which still bear the title of the East India Company's allies. The rest, be it observed, have not exchanged that title to rank amongst their enemies; but the bands of their alliance have been so tightly drawn, that one after another has gradually disappeared in their embrace. The guarantee of the dominions of the Company's native allies, has offered a fair pretence to introduce the aid and experience of British officers, to relieve them and their subjects from the duties

of self-defence. The sure irregularity with which their troops have been paid, has ever afforded a ready title to proffer assistance, in the better collection and disbursement of their revenues. The internal government has thus gradually and necessarily fallen into the hands of the civil servant, accredited to the Court: and the native troops of the country have learnt to feel allegiance only to the European officers in their command. The easy suppression by this armed force of many of the grosser acts of violence of the chieftains and subordinate officers of the native Sovereign, have tended to make this direct interference to be regarded by the natives with little of disfavour or of discontent.

Under such circumstances, the native Sovereign has been permitted to wear his crown, until it has appeared more convenient to the Company to rule in their own, than in his name and authority. During such a process, the happiness of the country, and the British character, are at once in the hands of the Resident for the time being. His personal conduct, and his statesmanlike talents, may enable him to be the protector, instead of becoming the destroyer of the national independence. Mr. Russell was resident at Hyderabad from the year 1810 to 1821. In the following dispatches will be found sufficient evidence of his character as a man, and of his talents as a statesman. They are a few only of the many here recorded, and splendid proofs of the services which his employers appear to have understood so little how to appreciate.

Extract from Mr. Russell's Letter to the Court of Directors, p. 12.

It would almost seem, by some of the expressions used in the correspondence from Bengal, as if the sufferings and distresses of the Nizam's country had been occasioned by the minister's dealings with Messrs. W. Palmer and Co.; or that, at least, the investigation of those dealings had now first made them known. Before any of the partners of that firm were born, the Nizam's government was in a condition tending

rapidly to decay. The despatches of your Residents, for years, were full of complaints of the vices of his administration, and the disorders of his country. My predecessor, Captain T. Sydenham, in a despatch to the Earl of Minto, written in 1810, stated his conviction, that "during the reign of the present Nizam, no improvement could be expected, unless the administration of the country were placed under the controul of the Resident; that the disorders of the present government were too deeply rooted, and too widely extended, to admit of any partial reform; and that it was, therefore, unfortunate, that the only effectual remedy that could be applied, should be so much at variance with our views and policy." From the time that I took charge of the Residency in 1811, I repeatedly and earnestly called the attention of government to this subject: and I had been at Hyderabad only a month, when, after exhibiting a statement of the Nizam's public income and expenditure, I described "the whole of the country to be in so lamentable a condition, that it could not long continue to endure the extortions which were practised upon it by the avarice and rapacity of its governors."

In the month of June 1815, the Marquis of Hastings called upon the different Residents, to give him, confidentially, their opinion on the measures to be pursued for the suppression of the Pindarrees; on our political and military position with reference to other powers; and on the expediency of a general revision of our various treaties with the substantive states of India. In my answer to his Lordship, after disposing of the particular points on which he had consulted me, I availed myself of the opportunity to describe, in greater detail than I had before had occasion to do, the evils which pervaded every branch of the Nizam's government; and I suggested, that when the accomplishment of the projects we then entertained should leave us sufficiently at leisure, some attention should be given to the state of his affairs, and some method devised for their improvement. I pointed out the degree in which those evils were the consequence of his alliance with us, and the degrading influence which such a state of dependance must necessarily have on the character and conduct, both of the prince and of his ministers. "All the functions of business," I stated, "have been absorbed into the hands of the minister; and even his office is no longer the honorable station that it was. Neither his talents nor his industry have an open field to act in. They are confined by restrictions. The qualities which would suit the minister of a free government, are of too bold, and manly, and patriotic a character, to suit the minister of a subordinate and dependant power. A prince, be his natural

"disposition what it may, cannot be virtuous or respectable "when he has no longer any thing to hope or fear, either from "his own subjects, or from foreign enemies; and the best man "in the world would in time become a bad minister, if his "power were left, after his responsibility was taken away."

I renewed the subject in the following year; and, at the close of the war it was resumed, with a declared intention, on the part of the Marquis of Hastings, to enter on a comprehensive system of reform. The successful issue of the contest, to which the fidelity and exertions of Chundoo Loll, together with his liberal and judicious application of his resources, had essentially contributed; and the consolidation of his authority by the military establishment which he had formed at so much expence, had removed many of the impediments by which our views at Hyderabad had before been obstructed. The same dangers no longer existed, either at home or abroad. We were then enabled to meet the complicated disorders which prevailed, without the invidious employment of our own troops; and to undertake, with a reasonable prospect of success, the correction of evils which it had never before been thought practicable to encounter. I annex to this letter some of the principal passages of the reports to which I have referred. *Is it possible for any body who reads them, to suppose that the government, to which those reports were addressed, was kept in ignorance of the real condition of the Nizam's government and country?*

Extract from Mr. Russell's Letter, 30th June, 1815, *from Hyderabad.* *

40. The character of a Mahometan government is exclusively military. Every gentleman is a soldier. If he is not in the army, he is nothing. His estates are held by military tenure; his distinctions are acquired by military service; and his dependants and retainers are the officers and soldiers of his military party. The army constitutes, in fact, the nobility of the country. Civil titles and distinctions are unknown. The introduction of our subsidiary force, and the protection we are bound to give the Nizam, have removed the necessity of his supporting a large military establishment of his own; and have destroyed the field, in which even the small number of troops he does keep up might have acquired credit and experience. His army having become unnecessary, is, of course, neglected.

* Appendix B. to Mr. Russell's letter to the Court of Directors.

The estates of the principal families have been resumed on the death of the holders: and during the last fifteen years, where-ever the head of a family has died, the family itself has expired with him. There is now hardly a noble family left at Hyderabad. It was not without the greatest difficulty that 4000 horse could be collected lately, to join our army in the ceded districts; and not a single officer of family could be found, who was qualified to command them. The person who was chosen, though supposed to be a good soldier, was a private horseman not many years ago.

41. Even the few men of birth that do remain, have no longer any thing to look forward to. They have no objects of hope or ambition. The splendour of the court has faded with the decay of the government. The distinctions which arose from the notice of the prince, and from the intercourse between him and his nobles, have been lost.

42. The middle class of society, which, in well ordered governments, is at once the most important in itself, and the most useful to the state at large, either never existed, or was long ago destroyed. There is no tie to connect the higher and lower orders together. The gradation, if there ever was one, has been broken. And as to the lower classes, the great bulk of the population, their condition is as abject and miserable as it is possible to conceive. More than one half of the country is a desert; and even where there is cultivation, the farmer has no interest beyond the supply of his immediate necessities. He must provide himself and his children with bread to eat, and more than that he knows he would not be suffered to retain out of the fruits of his utmost industry. Men will not labour where they can have no share of the profit.

43. The administration of justice, and the collection of the revenues, which are nominally committed to the same hands, are equally neglected and oppressive. The individuals in authority consider nothing but how they may most easily accomplish their own ends; and the great mass of the people are treated as if the government had no need of their support, and the prince thought them of no further use, than to supply him with the means of gratifying his avarice, and ministering to his pleasures. The officer who has the charge of a district, is considered to do his duty according to the amount of his remittances to the capital. He makes the most he can in a short time, both for the government and for himself; and the inhabitants are left without even the shadow of a security for their lives and property. The revenue is the branch in which the defects of a government are most distinctly felt. It is the pulse of the state. Evils produce one another. As a

government becomes weak, it becomes rapacious. It demands more, as it can enforce less. The consequence is, that, of the Nizam's districts, many are in open rebellion, and the remainder are daily sinking under oppression, and becoming rapidly depopulated and impoverished. For several years, the revenues have not been equal to the charges of the government. The defalcation is annually and rapidly increasing, and the period cannot be very remote, when the temporary expedients of the minister must become ineffectual, and when he must yield to the accumulated difficulties of his situation.

46. The disorders in the Nizam's government are of so inveterate a character, and have acquired so deep and extensive an influence, that it would be difficult, if not indeed impracticable, to correct them by any change in the terms of our engagements, or the mode of administering our controul. Before it can become useful to us, it must acquire strength and energy in itself. It must improve its revenue, recruit its population, and repair its resources. It must form an army; and, above all, it must recover confidence in its own power, and inspire its subjects with the spirit and activity which they have lost. It must regain something of independence; but the means of accomplishing this are hardly within our reach. Although the restraints of our alliance did produce the mischief, the removal of them would not correct it. The effect has acquired an independent existence, and would not cease with the cessation of the cause. To abandon our controul now, would be equally injurious to the Nizam's government, and to ourselves; and even to relax it, would be a hazardous experiment. There is almost always danger in receding from the exercise of power. At all events it must be done slowly, and cautiously, and deliberately. And even if the attempt were made, there would not now be time for the effects of it to be brought into action soon enough for our present purpose. Nor could we, under the existence of the danger against which our precautions are immediately directed, make the trial with the same confidence and security, as after our enemies shall have been reduced, and our own power extended and consolidated.

47. When our present views shall have been accomplished; when the power of Meer Khan and the Pindarries shall have been suppressed; when the interests of Sindia, Holkar, and the Rajah of Nagpore, shall have been assimilated with those of their neighbours; and when the general tranquillity of India shall have been placed upon a firm and durable footing; then it may be desirable that we should undertake a patient and deliberate revision of our engagements with the various powers, which are now in alliance with us. But, at present,

the introduction of any substantial improvement into our relations with the Nizam is an object rather to be desired than expected. We cannot restore to him what we have been the cause of his losing; nor can he recover it by any efforts of his own. A government cannot re-ascend to prosperity, by the same degrees through which it has declined. It must complete its course, and pass through dissolution, before it can regain its strength.

48. Under every view of the question, therefore, there seems to be only a choice of difficulties. We must either continue the same controul which we now exercise; or we must lessen it; or we must increase it. If we continue the same controul, the calamities that have arisen will go on increasing, until they reach that extreme point, at which evils remedy themselves. If we lessen our controul, such anarchy and disorder would at once spring up as would probably overthrow the government; and if we increase it, there are but few steps left for us to take, short of assuming the actual management and possession of the country. Of these three cases, the last is, perhaps, the most likely to occur.

Extract from Mr. Russell's Report to Sir T. Hislop, 5th of July, 1817. *

Par. 19. With regard to the political condition of the Nizam's government, the Nizam himself may be considered, for all purposes of practical utility, as a mere cipher. The original defects of his character, the habits of his life, his dislike of his own ministers, and his jealousy of our controul, have gradually withdrawn him into a sullen and total seclusion. He never quits his palace or holds a public durbar; he is seldom seen even by his own ministers, and he never takes any part in the business of his government. This habit was inconvenient at first, and matters which required dispatch were often at a stand; but, like many other evils, it has at length produced its own remedy. Most of the functions which were formerly exercised by the Nizam himself, are now exercised by his minister, and the same result is attained by easier and more expeditious means. It is difficult to say what the Nizam's real views of policy may be. In all probability, he never has had any distinct or uniform system in his mind: he has rather indulged a petulant ill humour than meditated any precise design. He certainly would be terrified at the notion

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* Hyder. Pap. p. 29.

of being abandoned by us; but the unavoidable controul and interference which his personal conduct, as well as the relative condition of the two governments, have compelled us to exercise, are so offensive to his pride, and act so immediately upon the worst features of his character, that if his natural timidity and indecision would allow him, he would readily engage in any combination which might be formed against our power. It is on his weakness alone that we can rely for his observance of either the spirit or letter of his engagements. He will cease to be faithful whenever he ceases to be afraid.

20. The present ministry at Hyderabad is framed on a divided, and therefore an inconvenient structure; one person holding the nominal office, and another exercising the real authority of minister. This system was the result of a compromise between the Nizam and our government, both of whom wanted to appoint a minister of their own selection. Mooneer-ool Moolk, the uncle of the Nizam's wife, and the son-in-law of Meer Allum, is nominally the dewan, or chief minister; but it was made a condition, at the time of his appointment, that none of the affairs of the government should be administered by him. Rajah Chundoo Loll, though nominally only peishcar, or deputy minister, is invested with all the functions of the office, and administers them without any interference on the part of Mooneer-ool Moolk, and generally without any reference to the sanction of the Nizam.

21. Mooneer-ool Moolk is a weak man, with not much knowledge of business, of no personal weight or influence, and inveterate habits of duplicity and intrigue; but he has always, from the circumstances in which he has been placed, been connected with our government, and he is, I believe, as much attached to our interests, as it is in the nature of his character to be attached to any cause whatever. Such assistance as he could afford, we might always, perhaps, command, except in a case where the immediate danger of supporting us should be greater than that of supporting our enemies.

22. Rajah Chundoo Loll is a man of great industry and aptitude in business. He is indefatigable in his application, and directs, in his own person, the details of every branch of the government. In his manners he is gentle and unassuming, and his disposition is particularly mild and amiable; but his personal virtues constitute the great defect of his public character. He wants firmness to command respect, and energy to controul the violence and rapacity of those who act under his authority: every body likes him, but nobody fears him. He is indebted exclusively to our government for both his elevation and his support, and he is bound to us by the surest of all ties, that of knowing that the very tenure of his office

depends upon our ascendancy. If we were to lose our controul over the government he would certainly lose his authority, and probably his life. On all occasions, of what magnitude soever, where we may require his co-operation, we may confidently depend upon him to the utmost of his power. He will direct and authorize the measure, but it must be enforced by ourselves.

23. Upon the whole, the political condition of the Nizam's government is just now as favourable to the prosecution of our views as it ever can be, with such a prince and such an administration as the present. We have as many friends, and as few enemies, as we can ever expect to have; and hardly any change of our circumstances could give us a more decided controul over all the resources of the government. There are no factions at the capital, and no parties; except the two there always must be, of those who hold office, and those who want it. The great families of the state are almost all extinct, and even the few that remain have dwindled into absolute insignificance. The only efficient authority that exists is that derived from office; and all offices are now conferred, if not directly by us, at least by the minister, who is under our total and immediate controul.

24. But this state of affairs has been produced exclusively by the indisputable predominance of our military power, and can be preserved only by the maintenance of a commanding force within the Nizam's territories, &c. &c. &c.

Extract from Lord Hastings' Letter to Mr. Russell, 26th October, 1819. *

I wish now to speak upon a subject much more important, the means of upholding his government.

The state of Hyderabad is obviously labouring under difficulties which have nearly come to the extreme. Had we any unworthy views, we should only have to let the machine continue running down the slope till it broke to pieces. The consciousness of consenting, in that manner, to the destruction of a power which we professed to befriend, would be intolerable: at the same time, the means of counteracting the evil are not easily devised. We must not conceal from ourselves, that the indirect, but actively operative share which we have in the government, contributes seriously to the mischief. Our interven-

* Hyder. Pap. p. 88.

tion, as it is unavowed, must necessarily be desultory; so that it cannot have the effect of keeping the machine in regular movement, while, on the other hand, it prevents the ministers from pursuing any consecutive system of their own. Matters are hence approaching to a crisis, which threatens to place us in the dilemma of either professedly undertaking the entire management of the Nizam's dominions, or desiring him to adopt a course which shall be unembarrassed by any interference, beyond our representation, on matters affecting the common interest. The first plan, objectionable in many other respects, would be regarded at home, where the exigency could not be comprehended, as an act of wanton oppression. The second, from the peculiarity of the Nizam's character, and the incapacity of the persons on whom he would repose himself, would offer no chance of the state's escaping speedy subversion. Our policy must, therefore, be to prevent, if possible, the progress of affairs to the point where such an alternative would be the only option. When I arrived in India, the state of Oude was in circumstances very analogous to that of Hyderabad We held the sovereign in a visible thraldom, which might well have driven him to desperation. The consequences might have been very inconvenient. Though his own military means were null, his treasures might have afforded powerful aid to the confederacy which Bajee Rao was then secretly engaged in forming. Saadut Ali's hopes, that a new governor-general might alter the system under which he was groaning, made him turn a deaf ear to the private instigations which he certainly received. I immediately removed some of the things which galled him the most; and on attaining more distinct insight, I completely altered for his successor the sovereign of Oude's position. Rejecting the odious practice of the Resident's domineering, even ostensibly, over the sovereign, by a combination of his nobles whom we forced the unfortunate prince to pay for keeping him in fetters, I tried whether the government might not be swayed to the completion of all our objects by gentle influence. The experiment has answered perfectly. The grateful return which the Nawaub Vizier made for this emancipation, has been rewarded by our consenting to recognize the regal title, which he wished to assume: a dignity which I should, with equal pleasure, acknowledge in the Nizam, were he disposed to follow the example now. I have stated these particulars respecting Oude, not as imagining Hyderabad to be a parallel case, but to shew the principle by which we ought to be guided, as far as existing points will admit. The good sense and honourable feelings of the present king of Oude furnished us with a secure hold upon him. I apprehend no such reliance could be placed on the

Nizam. But the main distinction is, that we have engagements with individuals at Hyderabad, of a nature very different from the narrow jobbing relations which we had with people at Lucknow. Chundoo Loll has reposed his existence wholly on our good faith. I lay it down as the basis for every procedure, that we must act up inviolably to the pledges, either specific or implied, which have induced him to promote our views, at the risk of his own fortunes. He must be, at all events, upheld.

The great boon to the Nawaub vizier was the leaving to him the free, unobstructed choice of his first minister. Whosoever might be chosen, that person was sure speedily to answer our purposes, because he could not move without our aid. In short, this exists at Hyderabad; yet as the first minister, Mooneer-ool Moolk is not the one who works with us, there is always the danger of his thwarting secretly what we propose. Further, Chundoo Loll has not the official character which could authorize his joining us to save the state, by an exertion possibly requiring changes unpalatable to many. The question is, whether Mooneer-ool Moolk might not be won to co-operate with us in so salutary an effort. The signal revolution which has taken place in central India, offers a fair excuse for attempting to remedy the mischiefs of the Nizam's government, under the appearance of seizing the opportunity for complimentary and flattering improvements in the tone of our relations with him. The special respects in which any changes could be made, would be to be determined by your advice, grounded on reference to local considerations. Among the latter, you would, of course, weigh how far it might be consistent with the safety of our interests, to gratify the Nizam, by assenting to the release of his sons from their confinement in the fort of Golconda. That they can have influence with the public, does not, by your details of the family, seem likely; and the punishment inflicted on their last transgression, will probably make them fear to indulge in any future turbulence. Still the security of Chundoo Loll is to be the first article of measurement, in contemplating such an act of grace; and the disposition to the latter must not be indulged, if it be not perfectly reconcileable to the former. This invariable attention to the interests of Chundoo Loll (to which we are in honour bound) and the maintenance of the reformed troops, are the essentials for us. From the first, which I hold to be more obligatory on our character than materially incumbent through advantages for ourselves, time will free this government, and then a procedure, more consonant to the general principle, may be adopted. The reformed troops, which we owe to Chundoo Loll, will have taken such root in the establishment

of the country, that there can now be little hazard, and shortly there will be none, of any endeavours to reduce them. If, therefore, we can put the financial concerns of the state into decent condition, I see every reason to hope, that the country may, at no distant period, be swayed to the preservation of public tranquillity (our sole object) without any interference with internal managements, which would always be equally teasing to both parties.

I have, &c.

(Signed) Hastings.

Mr. Russell's Reply, of 24th November following. *

I have now the honour to reply to that part of your lordship's letter of the 26th October, which relates to a reform in the Nizam's affairs.

The disorders in the Nizam's affairs are not of recent origin: the government of Hyderabad has not been in a secure or flourishing condition at any period during the last seventy years. When Nizam-ool Moolk, the founder of it, died in 1748, his authority extended from the Nerbudda to Trichinopoly, and from Masulipatam to Beejapoor; but his death was immediately followed by domestic dissensions, and by the distractions in the Carnatic, in which the French and English were engaged as supporters of the rival nabobs. Nasir Jung was assassinated at Arcot, in 1750; and Mosuffer Jung, his successor, who was murdered in the following year, had already become so conscious of his inability to maintain himself with the resources of his own government, that he had subsidized a body of French troops. The musnud was then contested between Ghazee-ood Deen and Salabut Jung: but Ghazee-ood Deen was poisoned by the mother of his rival, and Salabut Jung succeeded to the government. He was supported, however, entirely by the French party at his court, which exercised a more decided control than has ever been attempted by us; and when M. Bussy was recalled to the Carnatic by M. Lally, Salabut Jung foresaw the ruin of his affairs, and actually shed tears when he parted with him. The government was almost immediately usurped by Nizam Ally; and Salabut Jung, after several ineffectual attempts to escape from the confinement in which he had been placed, was at length put to death, in 1763. In the short space of thirteen years, therefore, three reigning princes, and one competitor for the musnud, had suc-

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* Hyd. Pap. p. 90.

cessively died violent deaths. The long reign of Nizam Ally, though less disastrous to the prince, was even more injurious to the country than the stormy period which had preceded it. The government of Hyderabad had been worsted in every war in which it had been engaged, between the death of Nizam-ool Moolk and the treaty of Paungul in 1790, with the single exception of a short campaign against the Mahrattas, which Nizam Ally conducted with some success in 1761, and the result had, in every instance, been attended with a loss of territory or of revenue. The government had gradually declined in power, resources, and reputation: it had become weaker abroad, and more oppressive at home. The disastrous campaign of Kurdla was immediately followed by the rebellion of Alee Jah; and if Nizam Ally had not thrown himself into our arms, he must either have been a prey of Tippoo and the Mahrattas, or have fallen a sacrifice to the ambition of his own son.

In a long and uninterrupted series of calamity and disgrace, it is difficult to fix on the precise point at which any particular disorder may have arisen. A government cannot decline in one respect without declining in all others. Loss of honour is loss of strength. As it becomes weak, it becomes rapacious; and it is the natural tendency of evils to propagate one another. Yet it appears to me, that the greater number of the abuses which now prevail, if not occasioned, were materially aggravated, and received their most powerful and extensive action, during the imbecile and extravagant reign of Nizam Ally, and the oppressive, rapacious, and improvident administration of his favourite, Azim-ool Omrah. The amusements of Nizam Ally, though of the most puerile and frivolous kind, were attended with almost incredible expence; and the great object of his minister appeared to be to feed his pleasures, and relieve him from the cares of government. Azim-ool Omrah relied upon us to protect him against external danger, and as long as the country yielded money in any way, he cared nothing for the sufferings of the inhabitants, from whom it was exacted. The natives of India are less prone, perhaps, to indecorous than to violent acts; yet, when Azim-ool Omrah died, in 1804, his corpse was followed to the grave by the insults and imprecations of the whole populace of Hyderabad.

His successor, Meer Allum, was a very extraordinary man. Of all the natives I ever knew, he had an understanding the most nearly approaching to the vigour and comprehension of European minds. He looked at once at the substance of every thing that was presented to him, and was equally a stranger to forms in his mode of transacting affairs, as in the ordinary habits of his life. He was unquestionably a man of

great talents for public business; but he was utterly deficient in those qualities of the heart which supply, and often more than supply, the want of powerful intellectual faculties. He was ambitious, unfeeling, vindictive, and relentless. He never remembered a kindness or forgot an injury; and although he was fond of the appearance of charity, and courted popular applause, he had no feeling for his fellow creatures, either individually or collectively. Both his situation and his talents gave him the power of doing more good, perhaps, to his government, than any other individual who has ever been employed under it. Yet he aggravated many abuses, and did not redress one. He raised the assessment, already too heavy, throughout the country, and made an additional imposition of one anna in the rupee, or six and a quarter per cent. on the whole revenues, for his personal emolument. His administration was chiefly passed in a struggle for power with the Nizam; and all the worst qualities of the present Nizam's character were exasperated and confirmed, by his injurious and offensive treatment.

When the present minister, Rajah Chundoo Loll, succeeded to his office, in 1809, every department of the government was already in a condition tending rapidly to decay. The administration under him has necessarily been one of expedients; but far from thinking that the present difficulties are to be imputed to his mismanagement, it appears to me a matter of astonishment, that affairs have been administered as they have been. In the Mahratta war of 1803, when the minister had every advantage which the stability of his own power and the unbounded confidence of his master could give him, although the Nizam's exertions were so slender as to induce the Marquis Wellesley to declare that he had forfeited every claim he could have derived from fulfilling the obligations of the treaty, Azim-ool Omrah was still obliged to insist on an extraordinary aid of ten lacs of rupees out of the Nizam's private treasures. But during the late war, though Rajah Chundoo Loll was charged with the whole responsibility, without being invested with the full authority of government; though he is a member of a discordant administration, in which he has a rival instead of a colleague in Mooneer-ool Moolk; though his adherence to our interests has lost him the Nizam's confidence, and deprived him of all those advantages, which even the strongest minister must derive from the favour and countenance of his sovereign; he still contrived to raise and equip a most respectable and useful body of troops, and furnished, in every particular, an active and efficient co-operation, without making any demand upon the Nizam's coffers, or receiving any extraordinary assistance from any other quarter. To those who compare what he has

done with the means he had of doing it, his exertions must appear astonishing. Either the resources of the government must have been improved, or they must have been applied with greater judgment: in either case, Chundoo Loll's merit as a minister is conspicuous.

Exaction is the necessary vice of every government, which derives its principal revenue from the direct rent of land. It seems to be universally acknowledged, that the assessment is too high in every country in India: the government demands too much, from the fear of receiving too little. What is exaction in the sovereign, becomes extortion in its most oppressive shape, under his subordinate officers; and even our own government, with a system the most elaborate and expensive, has hitherto been unable to afford adequate security to the inferior classes of its subjects. Every Indian government subsists upon its immediate means: it is always from hand to mouth. If ever there is a surplus revenue, it goes into the pocket of the prince, not into the coffers of the state. There is no common feeling between a Mahomedan government and its Hindoo subjects: public credit has no existence. A minister may borrow money on his personal security, but public loans among themselves are entirely unknown. Extraordinary expences, therefore, must be met by extraordinary exactions. This is the sole and entire cause of the difficulties of the Nizam's government, and the source of every oppression that is suffered by its subjects. The officers of the revenue being required to pay to the government more than their districts can afford, are obliged, in their turn, to oppress the inhabitants by plunder and confiscation.

In some degree, the weakness and disorders of the Nizam's government are the necessary consequences of his political situation. An alliance with us, upon the subsidiary system, however it may contribute to the advancement of our own power, leads inevitably to the ultimate destruction of the state which embraces it. Diversities of national character and political circumstances will affect the manner and period of its action, but cannot prevent the result itself. The Mahomedans have survived the Mahrattas; the Nizam is dying comatose, while the Paishwah has expired in convulsions; but the destiny of both originated in the same cause, and necessarily tended to the same termination. If we owe the foundation of our empire in this country to the weakness in which we found the native powers, we ought not to complain of the evils which that weakness necessarily produces. If we have reaped the benefits, we must submit to witness the inconveniences which are its inseparable attendants. Yet evils may be palliated, though they cannot be radically cured; the crisis may be retarded, though

it cannot be altogether averted. And if it be true, that a part of the mischief has arisen from the predominance of our power, it is for that reason the more incumbent upon us that we should endeavour to apply the remedy.

The disorders of the Nizam's government are those, more of the system itself, than of the agents by whom it is administered: they are not, therefore, to be corrected by any partial measures. Particular complaints are easily redressed, and particular abuses removed; but any plan of reform, to do effectual good, must be general and comprehensive. Such a plan, under the present circumstances of the Nizam's court, can proceed from no other source than the supreme authority of the British government, and must have its foundation either in the diminution or in the increase of our interference.

If there were any individual among the Nizam's own servants, qualified by his character and talents to exercise the functions of government without controul, it would certainly be desirable that he should be made minister, and that the correction of the evil should be left to the spontaneous efforts of his judgment and activity. But there is no person to be found; nor, in the present condition of the government, would it be reasonable to expect that such a person should be found. It is among the necessary consequences of the dependance of one state upon another, that men of that description are not produced. There is no field in which they can either form or exercise their talents, and it is with faculties as with commodities, that the production depends upon the demand.

The Nizam himself has not a single quality to fit him for the administration of his own affairs. His character is a compound of folly and madness, of obstinacy and caprice. He often betrays a capacity for artifice and cunning, but never shows any indication of an upright, manly understanding. The only instance in which he has been at all consistent, is his hatred of us, and his resistance of every measure in which he thinks we are interested. Whatever method of reform your lordship might suggest would be sure of encountering his decided opposition. Even if it were determined to leave him the uncontrolled administration of his own affairs, he would not be satis fied. He would resist the proposal, if for no other reason, at least because it had proceeded from the English government. He would then insist on having a minister, and his only anxiety would be, to choose one whom he thought would not be acceptable to us. On the death of Azim-ool Omrah we forced Meer Allum on the Nizam; and so many of the inconveniences which attended his administration were considered (with what justice it is not now necessary to examine) as having arisen from that source, that when Meer Allum died, in 1808, it was

determined to abstain altogether from interference, and to leave the Nizam the uncontrolled selection of his own minister. The two principal candidates were Mooneer-ool Moolk and Shums-ool Omrah, of whom the Nizam hated Mooneer-ool Moolk and liked Shums-ool Omrah. But he professed to be undecided between them, and would not declare his choice, until he discovered which of the two was preferred by us. He applied to Captain Sydenham, who declined giving an opinion, but recommended him, if he felt any difficulty, to refer to the governor-general. The Nizam accordingly wrote to Lord Minto, requesting his advice, and having ascertained by his lordship's answer that we encouraged the pretensions of Shums-ool Omrah, he was at once decided in favour of Mooneer-ool Moolk. His only object, from the beginning, was to ascertain which of the candidates we preferred, in order that he might appoint the other: and by this spirit of senseless obstinate counteraction, your lordship will find him influenced on every occasion. Of all the persons who have ever been connected with him in public or private life, no one has ever been able to make a lasting impression upon his regard. He has had momentary favourites, who have ministered to his vices or flattered his prejudices, but nobody ever retained his confidence long, or was able to employ it usefully. Chundoo Loll has invariably behaved towards him with the utmost deference and respect: he has studiously avoided every appearance that was likely to give him offence; and although his devotion to our interests is alone fatal to the Nizam's confidence in him as a public man, I still believe that if the Nizam has in his heart a personal regard for any body, it is for Chundoo Loll.

As to Mooneer-ool Moolk, such is his weakness and duplicity, that he can neither trust himself, nor will ever be trusted by any body else. His whole talent, such as it is, and his whole delight and occupation, consist in stratagem. He would intrigue even without an object; and, absurd as it may seem, I almost believe that he had rather not attain his end at all, than obtain it by fair and open means. Nor are these defects of character redeemed by any useful qualifications. He has no strength or solidity of understanding, no capacity for business, nor any experience in the higher branches of government. The very ground of our originally consenting to his being made minister, was a proof of the contempt in which his character was held. He was allowed to fill the situation, merely to prevent its becoming an object of competition to other people. The insignificance which disqualified him from doing any good, it was expected, would disable him from doing any harm; yet the whole of his time, and much of his money, have been spent in intrigues, to obtain an authorit to which

he swore, upon the Koran, he never would aspire: and although he has not advanced his own interests, he has succeeded in widening the breach between the Nizam and Chundoo Loll, in sowing jealousies and dissensions among the officers of the government, and in impeding and obstructing the public business.

Chundoo Loll is a most respectable man in his private character, and too far superior to his rival as a public officer, to admit of any comparison between them. He has great industry, patience, and aptitude, in all the practical branches of the government. He is indefatigable in his application, clear in his views as far as they extend, and as a man of business, I hardly ever knew his superior. His long experience has given him an intimate acquaintance with all the affairs of every department, and rendered him perfectly familiar with the manner of transacting them. He almost undertakes too much. Whatever is done, is done by himself; and even the bodily labour he undergoes is astonishing. He has great kindness of disposition, is easy of access, affable in his manners towards the lowest persons, and never, I believe, knowingly authorized a measure of unjust severity: but he is too indulgent and compliant to those who are employed under him, and he is certainly deficient in that resolution, energy, and firmness, without which it is impossible to preside with complete effect over the affairs of a government. His great personal expence, indeed, the only one of his personal expences that is very great, is his indiscriminate habit of giving alms. He distributes many thousand rupees every day to mendicants of all descriptions. I have often recommended him to confine his alms to those only who are real objects of charity; but he has a superstitious notion, that it is to this practice he owes his elevation in life, and nothing, I believe, would prevail upon him to abandon it. With some harm, however, much good is unquestionably done. Every poor person who will go to the Rajah's gate, may receive two pice and a quarter of a seer of grain daily, and a rupee and a blanket the first time they appear; and, in this way, many thousand lives have been preserved during the recent season of scarcity. The inhabitants of whole villages, who flocked to the capital for support, have been fed and clothed by the Rajah's bounty. So much does he consider this a point of personal duty, that even to the most squalid and loathsome objects he always administers his charity with his own hand. The fairest mode of estimating the practical utility of a public officer, is to consider how his place could be supplied. If any accident were to happen to Chundoo Loll, no individual, I am persuaded, could be found under the Nizam's government, capable of conducting the duties which are now discharged by

him. With our support, he is qualified to make a better minister than any other that could be chosen; but he could not stand by himself. He has no rank, fortune, or connections, to protect him against the jealousy of the Nizam and the intrigues of Mooner-ool Moolk; and if we were to withdraw, or even to lessen the support we promised him, when he came into power, if he did not immediately retire, as in all probability he would do, he would soon be driven from his office. Those very qualities which constitute his principal recommendation with us, would be laid hold of by his and our enemies, as the readiest means of effecting his ruin.

Under any mode, in short, which could be devised, of lessening our interference, I am convinced that the attempt, if we did not abandon it in time, would be productive of the subversion of the government. All the functions of administration would be dissolved, the fabric of government would sink under its own weakness, and the Nizam himself would probably become the victim of an insurrection of his subjects, and his country be made a scene of anarchy and outrage. New hordes of Pindarries would spring from the disorder, and we should have to renew the same measures which we have only just completed. The Nizam's government cannot be upheld at all, if it is not upheld by us. To give effect to measures of reform, the authority of the executive minister must be strengthened, not impaired, and the vigour of that authority now consists in our support.

If we increase our interference, to do any effectual good we must increase it largely. Notwithstanding the objections which I know are entertained, on general grounds, against interfering in the domestic concerns of our native allies, it is a melancholy but an unquestionable fact, that they have fallen into too abject a state of ignorance and weakness to be left with safety to themselves; and I am persuaded that nothing short of a close, vigilant, and decided control over the internal administration of the country, will be attended with any real or lasting benefit. But this control should be exercised through the medium of advice and influence, and not by the direct exertion of authority. We should improve and direct the implements of the country, and not introduce new ones of our own. I would rather enlarge the sphere, than increase the degree of interference. On matters in which we do interfere, I would not interfere more; but I would interfere in many matters in which we have never yet interfered at all. I would exert, in short, the same influence in correcting the abuses of the internal administration, that we now apply to objects immediately connected with our own interests.

Chundoo Loll is the person I would employ as the chief in-

strument of reform. The preference is due to him, both because he is fitter than any other person, and because, as long as he is willing to act upon our principles, we are bound to support him as the reward of his fidelity, to serve him because he has served us. I would begin by frankly and fully disclosing to him the object of our views. I would tell him what we expected from him, and what he might expect from us. Without a thorough mutual understanding, nothing could be attempted with effect.

The first object will be the reduction of expence, to make room for the remission which it will be absolutely necessary to allow in the revenue. This, indeed, easy as it may at first appear, will be the most arduous part of the undertaking. Every retrenchment that is made, and every abuse that is corrected, will be attended with a pecuniary loss to some person or other; and Chundoo Loll would be unlike other men, if he were not reluctant either to injure his friends or exasperate his enemies. But this reluctance must and will be vanquished; and the first step towards vanquishing it will be, to explain to him the claim which your lordship recognizes in him to your protection. He must be convinced, at the outset, that he may rely confidently on the support of the British government. Without that conviction on his mind, he neither can nor will attempt any thing effectual. It will be necessary, not only to encourage his efforts, but to repress the counteraction of his enemies, for enemies he will have, who will view with eager dissatisfaction the adoption of any measures calculated to increase his reputation, or confirm the stability of his power.

The facility of making an immediate remission in the revenue would, of course, be materially promoted, if the minister had the command of a sum of ready money to set out with. Had Chundoo Loll any money of his own, I am convinced he would disburse it on such an occasion. The present Nizam will never be prevailed upon to furnish any aid out of his private treasures; but, in the event of his death, a condition might be made with his successor, that he should advance such a sum as might be necessary for the relief of his own finances. Many instances might at once be pointed out, where a saving might be made to the government without the violation of any just right; in the reduction, for example, of troops which are useless or unnecessary, or in the resumption of jagheers or pecuniary stipends, granted for the support of troops which have never been kept up. Of the whole of the troops, also, which are maintained by payments from the treasury, I would make a proportionate reduction in every party. The reformed horse might be allowed to die away to three resalahs of six hundred, instead of four of a thousand each; the six regular battalions

might be reduced from eight hundred, to a peace establishment of six hundred privates each. In this, alone, the saving on the scale of the Nizam's resources would be considerable. At all events, it would be a step in the process, and would serve both as an example and as an encouragement for the remainder. Some of the irregular battalions might be abolished altogether; and I have no doubt that, on a rigorous inquiry, some nominal parties will be found, of which the reduction would be a clear gain to the government, without occasioning the discharge of a single individual. Numerous opportunities of retrenchment would be discovered in the progress of the plan, facilities would arise from the correction of each successive abuse, and the minister would find himself rewarded, in the relief he would experience from his difficulties; and would acquire additional confidence, in proportion as he found us determined to support him against that hostility, which every minister in every country must encounter, who attempts to introduce a system of retrenchment and reform.

The reduction of expence, and the establishment of a system of general economy, would alone materially facilitate the relief of the inhabitants of the country. The pressure of every burthen falls ultimately on the cultivator of the soil. Men in office are not unjust or oppressive from choice. The collectors of the revenue will not press the inhabitants of their districts, when they are not themselves pressed by the government. The original system of revenue under Indian government is better, perhaps, than any other which could be substituted for it. The talents and characters of the different talookdars are generally well known. I would recommend the minister to employ those only who have a good reputation, and systematically to exclude those who are notoriously rapacious or oppressive. The districts should be given to them in aumannee, not ajarah: that is to say, they should be collectors, not farmers of the revenue. A pledge of protection should be given to them against exaction on the part of the government, and they should be peremptorily warned against practising extortion or confiscation in their districts. One of the most fertile sources of immediate injury is the want of faith in agreements. Every cowl should be held sacred. The rajah should never be required to pay more than the assessment for which he stipulated: if he is pinched to fulfil his engagement in a bad season, he should be allowed to enjoy the whole of his profit in a good one. Whenever an act of plunder, oppression, or breach of faith, was discovered, it should be severely and summarily punished. Examples will be efficacious, though injunctions fail. The people who suffer will always complain, where they know

their grievances will be redressed; and in a country where litigation is not encouraged by regular tribunals, it is surprizing how few false complaints are preferred. Many complaints which could not reach the minister will reach the Resident, and the knowledge of the simple fact that grievances were redressed, would of itself encourage the inhabitants to prefer their complaints, and restrain the local officers in the exercise of their authority.

Upon a subject of such magnitude, and embracing such a diversity and multiplicity of detail, it is impossible to do more within the limits of a single letter than suggest the principle and sketch the outline of a plan: this, therefore, is all that I have attempted. Correct details, though indispensable to the execution of the measure, are not necessary for determining the principle of it, and can be procured only by degrees. If I have added any thing to your Lordship's knowledge of the real condition of the Nizam's affairs, or of the views and characters of the leading individuals of his government; if I have exhibited the objects which require to be attained, and indicated the means which are likely to be most successful in attaining them, with sufficient distinctness to assist your Lordship's judgment in deciding on those to which a preference is to be given, I have done all that I can at present desire. The rest is ministerial: and I hope I need not profess the zeal and alacrity with which my humble abilities will always be exerted in the execution of your Lordship's orders, or the satisfaction with which I should hereafter remember, that I had been, under your Lordship's direction, a successful instrument in the performance of so great and good a work.

I have, &c.

(Signed) H. Russell,
Resident.

Extract from Government Letter in reply. *

Sir:

1. Your report of the 24th November, relating to a proposed reform in the affairs of his highness the Nizam, has been under the consideration of the governor-general in council, and I am directed to communicate to you the following observations.

2. His lordship being anxious to establish the prosperity

* Hyder. Pap. p. 98.

of the Nizam's dominions, and the happiness of his subjects, authorises you to interpose your advice and influence for those purposes.

3. A salutary control over the internal administration of the country, accurate accounts of all establishments, receipts, and expenditures, the correction of abuses, a proper distribution of justice, the reduction of expence, the amelioration of the revenue system, including the customs and duties levied on commerce, the improvement of resources, the extinction of debt, the efficiency of troops retained, and the discharge of such as are useless, are objects to which your attention will naturally be directed.

4. The minister, Chundoo Loll, appears to be the fittest person to be employed as the chief instrument for carrying into effect the proposed reform. In order to secure his faithful and zealous assistance, you are authorized to assure him of the protection and support of the governor-general in council.

7. It is not considered necessary to furnish you, at present, with any more detailed instructions. The principles laid down in your able report of the 24th November are entirely approved, and the governor-general in council relies with confidence on your judgment, skill, and address, for the satisfactory execution of his lordship's wishes. You will, of course, refer for particular directions on points on which they may appear to you to be necessary; and it will be satisfactory to his lordship in council to receive, from time to time, reports of your proceedings under these instructions.

I have, &c.

(Signed) C. T. Metcalfe,
Secretary to Government.

The facts in the following remarks are gathered from the volume of Hyderabad Papers, and from Mr. Russell's letter to the Court of Directors, of the 21st of September, 1824. The observations accompanying them appear to be fairly elicited by the documents cited.

Lord Hastings reached India in 1813, at the same time with Sir William Rumbold. On the 22nd of April, 1814, the first protection, or countenance, was granted by the Bengal government to the house of William Palmer and Co., of Hyderabad.

The following are the documents relating the transaction:—

To John Adam, Secretary to Government, Fort William *.

Sir:

I beg leave to submit to the favourable consideration of the government, a copy of a letter, dated the 30th ultimo, which I have received from Messrs. William Palmer and Co., expressing a desire of forming a mercantile establishment at Hyderabad.

The establishment of a commercial firm at Hyderabad, framed upon the principles, and conducted in the spirit, of an English house of business, will, I have no doubt, prove a source of general convenience and benefit.

I have, &c.

Hyderabad, (Signed) HENRY RUSSELL,
6th April, 1814. Resident.

To Henry Russell, Esq. Resident at Hyderabad †.

Sir:

Having opened a correspondence with several mercantile houses in different parts of India, and ascertained by experiment the practicability of carrying on commercial concerns with advantage, *we are desirous of availing ourselves of the provisions of the commercial treaty, to establish a mercantile firm at Hyderabad.* We hope that our concerns may be advantageous to the interests of the Honourable Company's, as well as of the Nizam's country, and that they may contribute,

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* Hyder. Pap. p. 2. † Hyder. Pap. p. 2.

in some degree, to promote the objects which the Legislature had in view, in making the recent provisions for the extension of the Indian trade.

The concerns in which we propose chiefly to engage are:

In banking and agency transactions.

In supplying timber from the forests on the banks of the Godavery, for the purpose of ship-building; these forests abounding in timber of a superior size and quality.

We entertain the most sanguine hopes, founded on our own observations and authentic accounts derived from the inhabitants of the Ramghur and Patoancha districts, that we shall be able to open a navigation of four hundred miles, during four months in the year, on that river and the Wordu. The opening of this navigation will also facilitate the commercial intercourse subsisting between Berar and the coast.

We are persuaded that our firm will receive from you every proper degree of countenance and support; but it would contribute to the confidence, as well as the respectability of our concerns, if, under the benefit of your recommendation, the supreme government would be pleased to sanction our establishment with its approbation, and to authorize the exertion of the Resident's influence for our security and protection.

We have, &c.

Hyderabad, (Signed) Wm. Palmer and Co.
30th March, 1814.

To Henry Russell. Esq. Resident at Hyderabad.*

Sir:

I am directed to acknowledge the receipt of your despatch of the 6th instant, submitting a copy of a letter to your

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* Hyder. Pap. p. 3.

address from Messrs. William Palmer and Co., on the subject of a commercial establishment which they propose to form at Hyderabad.

2. His excellency in council is disposed to promote the success of every mercantile enterprize which is likely to prove of general utility to the interests of commerce, by affording facilities to the transaction of trading concerns between his highness's dominions and the territories of the Honourable Company; and his lordship in council will accordingly approve of your affording every proper degree of countenance to the proposed commercial establishment of Messrs. Palmer and Co., consistently with the provisions of the treaty, and of your recommending it to the favourable consideration of his highness the Nizam's government.

I have, &c.

(Signed) J. ADAM,
Secretary to Government.

The circumstances, which led to Mr. Russell's forwarding the above application for the licence, are detailed in the following two extracts from his letter to the court of directors.

Extract from Mr. Russell's Letter to the Court of Directors. *

The principal allegation appears to be, that my brother and I had an interest in the house of Messrs. W. Palmer and Co., and that the undue support of my influence was consequently given to the firm. I positively deny both the fact and the inference. Neither my brother nor I had any interest whatever in the house; nor did it, in any instance, receive from me any support, beyond that which I was specially empowered by the government to give, and *which was directed to the advancement of the public interests committed to my charge*. I can have no hesitation in stating that I entrusted a sum of money to the care of Mr. Samuel Russell, an old friend, though no relation of mine; but this was long before the establishment of Mr. Palmer's house; and I considered that he was acting for me exclusively as one private friend often acts for another. Mr. S. Russell was for many years in the habit of employing his own funds advantageously at Hyderabad, in the various modes

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* Mr. Russell's Letter, pp. 1, 2, 3, and also Mr. R's. Letter, p. 30, 31.

which offer at a large capital. At one time, he and Mr. Palmer, who held a military situation under the Nizam's government, for their mutual convenience, managed their money together; and Mr. Palmer was constantly with Mr. S. Russell at his house, which was at the Residency. It never entered into my conception, nor could it have entered into that of any body who knew the facts as they then existed, that the pursuits which they contemplated, individually or together, bore any resemblance to a house of business. There was no previous plan or agreement between them; no office; nor any of the conditions or ingredients which belong to a regular establishment. *Their progress towards that result was slow, and to me, for some time, imperceptible. When, however, I did see that their concerns were advancing beyond their original extent, I interposed, and prohibited Mr. Palmer from transacting any business within the limits of the Residency.*

These measures were directed to the purpose, not of suppressing Mr. Palmer's mercantile concerns, but of preventing the possibility of its being supposed, that they derived any undue support from my authority. The peremptory manner, however, in which I adopted and enforced them, induced Mr. Palmer to believe that I was bent on ruining him, and a total rupture between us was the consequence.

It was subsequently to this, that Mr. Palmer set up regularly in business. An establishment was then, for the first time, framed by him, and all those arrangements made, which belong to the formation of a commercial house. *I am not certain whether Mr. S. Russell joined Mr. Palmer or not; I believe he did not; but if he did, he had no money of mine in his hands. With the opinion which Mr. Palmer entertained of my hostility towards him, he did not look to me for any assistance; but he applied, through the influence of his brother, Mr. John Palmer, the head partner of one of the principal mercantile houses in Calcutta, for the sanction of government to his undertaking.* It has been unworthily insinuated, that the measures pursued by me on this occasion, instead of springing from a sense of duty, and being enforced with peremptory strictness, arose from prudential considerations, and were the result of clandestine concert. *I appeal to the testimony of any person who was then at Hyderabad, to support my denial of the truth of the whole and every part of that insinuation. So far from there being any concert, there was at that time no intercourse between me and Mr. Palmer. From me he expected opposition, not support; and I did not even know that an application to government was meditated by him, until he had received from Calcutta an assurance that it would be complied with.*

The same policy which had suggested the conclusion of a

commercial treaty with the Nizam, required the encouragement of mercantile houses, to conduct the traffic which it was intended to promote. Messrs. W. Palmer and Co. were the first merchants at Hyderabad, who pressed commercial enterprise with any vigour, or carried it to any important result. They proved, by experiment, the practicability of navigating the Godavery four hundred miles through the interior; and thus conveying at once, by water, to the sea coast, both the cottons of Berar, which had before been carried by land to Mirzapore, and the produce of the teak forests of Ramgeer and Palooncha, which had hitherto been inaccessible to Europeans. They also applied themselves to the introduction of British manufactures into the Nizam's country; and have succeeded in promoting their consumption to an extent which certainly could not have been expected. The houses of many of the principal natives are now furnished with a variety of costly English commodities; our plain and printed cottons have been brought into general use: and I have seen the ministers, and many persons of rank at the Nizam's court, dressed in English muslins, and English shawls. But it is said that Messrs. W. Palmer and Co. are not entitled to any merit on that account, as they entered into the traffic with a view to their own profit. No doubt they did. Merchants, I apprehend, always do engage in trade with a view to their own profit; and commercial enterprise is not, for that reason, less the source of national prosperity, or the object of national encouragement.

" Nothing," it is said, " was ever afterwards heard of the " success of the great timber trade, which was to be produc- " tive of such general benefit to the country." If, by this, it be meant to insinuate, that the timber trade was a pretext, and that Messrs. W. Palmer and Co. never really intended to embark in it, the insinuation is utterly false. An extensive establishment was formed by them, both in the forests on the Godavery, and at Coringa, the seaport at the mouth of the river. A captain in the navy was employed by them as their principal agent, in which capacity he built a ship of their timber at Coringa; and considerable expence was incurred by them, for several years, in the prosecution of the undertaking; of which the reality is, in no degree, affected by the success or failure of its issue. The result did not, I believe, answer the original expectations of the house; but the facts which I have stated are sufficient to repel the insinuation, that the project was never seriously entertained, and was announced for a fictitious purpose.

It has, however, been asserted, that a secret understanding existed between the residency and the house. I most per-

emptorily repel the charge. The members of the house were the most competent judges of my sentiments and proceedings towards them. Far from looking on me as friendly, or even impartial to their transactions, they considered me as absolutely hostile; and Mr. Palmer formed his connexion with Sir W. Rumbold, for the express purpose of resisting the opposition which he expected from me. Mr. Palmer constantly and openly complained of my counteraction. My rupture with him, and the hostility which he attributed to me, were notorious at Hyderabad. They were known to the minister, and to the natives generally, as well as to the members of our own society. They were topics of common conversation; and there are many individuals now in England, who, from their own personal knowledge, can attest the fact. I assert that no one single instance can be adduced to give colour to the charge, that in my proceedings respecting the house, I was influenced, either by a collusion such as that here imputed to me, or by any unworthy motive of any kind whatever. I do not indeed recollect any one occasion, on which the house required the exertion of my influence, or on which I promoted its concerns with the minister, or any other person; and in every transaction which could have the most distant relation to my own government, my sole endeavour was directed to contract the limits of its sanction, and secure it against the shadow of responsibility. Whether the effect of my measures was to advance or impair the interests of the house, I did what I thought my duty; and it does no discredit to my conduct, that while the house complained of my doing too little, the opposite party allege that I did too much.

The sanction was approved by the court of directors on the 20th November, 1816, in a letter of which the following is an extract.*

" We observe by an enclosure referred to in this para-
" graph, that the governor-general in council has author-
" ized the resident at Hyderabad to afford every proper
" degree of countenance to the proposed commercial es-
" tablishment of Messrs. Palmer and Co. in the Nizam's
" dominions, to which we are not aware of there being
" any objection."

In the latter end of 1814, Sir William Rumbold first entertained the idea of becoming a partner with William

* Hyd. Pap. p. 1.

Palmer and Co., and the following correspondence took place with Lord Hastings, who at first discouraged the measure.

Lord Hastings' Letter to Sir William Rumbold, 20th November, 1814. *

My dear Sir William :

You are very good in making for me so much allowance respecting the tardiness of my answer to your letter. It is very true that I have ample occupation for both my mind and time, yet I should not have overlooked your business, had not another cause than multiplicity of other advertencies operated. I was very solicitous of recurring to a memorandum which I had made of points discussed respecting your affairs by me with Sir Edward East. I sought that paper in vain. The hope of retrieving it when I might be able to make a closer rummage, led me to delay till I should have a moment of leisure for that research; but, alas! when was that moment to be found? though I have not got the scrap, I recollect sufficient of the particulars to answer, perhaps, your purpose. Sir Edward was decidedly of opinion, that I could not be justified in assenting to the embarking any part of Harriet's fortune in aught but government securities. This I mentioned to you at the time, and I see you look to the direct operation of that principle, but I am not sure whether you take into calculation its indirect effect. You talk of borrowing the sum which you are to advance for a share in the firm. How can you do that without security to pledge? Your own money cannot be made that security, because that would be to subject it to the very risk which Sir Edward East regarded as illegal. If this be not an obstacle, I ought to suggest for your consideration a point to which you probably have not adverted. You do not only hazard the sum which you place in the firm, but any one of the partners is individually liable, to the whole extent of his property, for the debts of the house: any accumulation, therefore, which you might make, with the view to comfort hereafter in England, would be exposed to that danger. I state this only for your reflection. I am not competent to form a judgment, satisfactory to myself, of the advantage or peril of your engaging in the business. A man of greater worth and honour than John Palmer nowhere exists, if universal tes-

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* Hyd Pap. p. 731.

timony is to be relied upon, and he is unquestionably of strong talents: on the other hand, he has the character of speculating in commerce, to an extent disproportioned to his capital. This opinion may be only the loose guess of the uninformed, or the misrepresentation of the envious; still having heard it advanced by a person whose situation gave him a special view of the commerce of Calcutta, I am bound to impart it to you. Whether the house of Hyderabad is in such acknowledged connexion with the house of John Palmer in Calcutta, as that the one can be responsible for the other, I am not able to say. That fact would be a material consideration. Your best procedure will be to consult Sir Edward East. The kindness of his disposition will insure you against his thinking it intrusion; and his judgment is so sure, that you would have perfect comfort in relying on it. Adieu, my dear Sir William. Give my affectionate remembrances to Harriet, and believe me, &c.

(Signed) MOIRA.

Sir William Rumbold's Letter to Lord Hastings, December 1814.*

My dear Lord:

I mentioned, in a letter I wrote you some weeks since, in answer to one of your lordship's, that I should take the liberty of troubling you again about the house at Hyderabad. I trust you will let me trespass a few moments upon your time, in explaining what has occurred relative to that subject since the conversation I had with you. When my taking a share in the house was first proposed, I imagined that I should be expected to reside in Hyderabad; the principal object of my inquiry was, therefore, as to the advantages I should derive by giving up all chance of employment under your lordship, and quitting a place where I should leave the friends I have in this country. I did not see any use in entering into the question of whether or not the trust-money could be safely embarked in the house till I had determined whether it was advisable to entertain Mr. Palmer's proposition at all.

The conversation I had at that time with your lordship and lady Loudon, and the kind intentions you expressed towards me, induced me to give up all idea of leaving Calcutta. The subject has since been revived, because it is now proposed to me to become a member of the house without residing at Hyderabad. All the information I have been able to procure

* Hyd. Pap. p. 732.

has convinced me that such a step would afford me a fair chance of realizing a fortune, and that with little or no risk. The funds required for this object, in order to make it answer to me, would amount to three lacs. I think they might be procured without much difficulty: in fact, I have the offer of the money at twelve per cent., provided I can find security for it. The first object with me, however, is to act with your lordship's approbation. My interests and my inclinations are equally concerned in this line of conduct, the propriety of which has been repeatedly urged by Mr. Palmer, however unnecessary such a caution may be: at the same time he perseveres in saying, that he knows no such certain way of making a fortune. Were I assured of your approbation of the scheme, I would state to you what occurs to me, with respect to the possibility of appropriating the trust-money to this purpose, and how far the matter may be arranged without that money, should your lordship see any difficulty in the way of its being so appropriated. I have already acquired from different persons much important information about the house, and have been waiting for the letter, of which I now enclose a copy, before I would trouble you. The letter is from Mr. De Fries, a friend of my family, being under obligations to them, and the head of the great Portuguese house at Madras. I thought him, from his local knowledge and the reputation he has of being a particularly careful man of business, the best person I could refer to. I in consequence wrote to him, informing him of the offer that is made me, and requesting he would advise me what to do. Your lordship will, I trust, consider his letter as very strong in favour of the house; but I should, if you approve of the plan, be inclined to go to Hyderabad myself, before I positively embarked in the scheme.

I have, &c.

(Signed) Wm. Rumbold.

J. Fries' Letter to Sir William Rumbold, 1814. *

My dear Sir:

I was favoured, four days ago, with your letter of the 6th ultimo, Soo Rsagen. I shall with pleasure impart to you my frank and sincere sentiments on the subject of your communication, and with perfect unreservedness, on the same condition that you required it of me, namely, that whatever I may say on

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* Hyder. Pap. p. 733.

the subject, it is to be considered entirely confidential, and intended only for your own private information and guidance.

There could be no doubt of Messrs. William Palmer and Co. carrying on a beneficial trade at Hyderabad, and I believe, as far as the nature of it will admit, the risk not great, compared to many other branches of trade. I have had several opportunities, from my intercourse and transactions with a gentleman of respectability and fortune who had been long resident at Hyderabad, to obtain a knowledge of the commerce of that city, and my candid opinion is, that if you can be admitted into the house of William Palmer and Co., and allowed at the same time to keep and remain at Calcutta in your present employ, you should by all means accept Mr. John Palmer's offer; in which case I should advise you, in order to render the concern beneficial to you, you ought to advance a capital of two to three lacs of rupees, for from my knowledge of the transactions of that house at Hyderabad, it will require your carrying that sum into the firm, to make it an object of advantage to you. But if you are obliged to give up your present situation on your becoming a partner of the house in question, I would, were I in your place, prefer to remain in your present employ; for, believe me, a certain income of forty to fifty thousand rupees yearly, without exposing to any risk, is much more preferable to almost double that sum by entering into speculation, when, with all the caution and circumspection, there is generally some degree of danger unavoidable: and my maxim is, that it is best to prefer a certainty to any other of much greater advantage prospectively. This is my sincere and unbiassed opinion, founded on long experience and practical knowledge. To whatever you may determine upon, my cordial best wishes attend such line you may pursue, assuring you, at the same time, I shall ever feel happy in promoting your views. Pray let me know when Lady Hood may be expected here. What wonderful news from Europe! It appears more like a dream than reality. Britain stands in a very commanding attitude, for it is owing to her noble perseverance that Europe has been rescued, and the blessings of a general peace restored. I shall be very glad to hear from you when leisure permits, being,

My dear Sir,

With great regard,

Yours, &c.

(Signed) J. Fries.

Lord Hastings' Letter to Sir William Rumbold, 4th Jan. 1815. *

My dear Sir William :

The account you have given of the house of Palmer and Co. at Hyderabad is very favourable, and certainly the details justify your inclination for going to that city, in order to inspect the books. I enclose you a letter to the Resident, couched in terms which will ensure to you his attention and most earnest good offices. The partners speculate, that you being one of the firm will interest me in the welfare of the house, to a degree which may be materially beneficial to them: it is a fair and honest calculation. The amount of advantage which the countenance of government may bestow must be uncertain, as I apprehend it would flow principally from the opinion the natives would entertain of the respect likely to be paid by their own government to an establishment known to stand well in the favour of the supreme authority here. Perhaps a more distinct benefit may attend the firm, from the consequent discouragement to competition with you, by any other British partnership, to which a similarly professed sanction would not be granted. It is on the ground of the service to the Nizam, at the request of our Resident, that I have consented to let the good wishes of Government for the prosperity of this firm be signified. No new establishment could have such a plea.

Believe me, &c.

Camp, at Kurnaul, (Signed) MOIRA.
4th January, 1815.

As leave of absence from the Presidency will be necessary on account of your magisterial functions, it shall be notified by Mr. Ricketts.

The only circumstance worthy of observation in the foregoing correspondence, is the direct and internal evidence of the falsehood of the calumny, with regard to Lord Hastings being a creditor for any portion of Lady Rumbold's fortune; and the manly and open manner in which his lordship makes Sir William Rumbold aware that he is alive to the supposed value of his name to the firm, from the circumstance of his connection with Lord H. He at the same time distinctly points out to him the limits within which alone

* Hyder. Pap. p. 733, 734.

that connection can be indirectly useful: viz., by creating confidence in the natives in their dealings with the house. He at the same time suggests to him that no British house of agency would be likely to compete with them, as they would not have the same title with that on which Messrs. Palmer and Co. founded their claim, and had received the original sanction in 1814.

In April, 1815, Sir William Rumbold went to Hyderabad, and became a partner with William Palmer, Hastings Palmer, Bunketty Dass, Dr. Currie, and Hans Sotheby.

In July, 1816, the governor-general, in council, granted to the house of Palmer and Co., an exemption from the penalties of the act 37 Geo. 3. in order to enable them to have pecuniary dealings with the Nizam's government.

Mr. Russell's Letter, 27th June, 1816.*

To John Adam, Esq., Secretary to Government, Fort William.

Sir,

I have the honour to enclose a memorial, addressed to His Excellency the Right Honourable the Governor-General, which has been sent to me by the firm of Messrs. William Palmer and Co., and which I beg leave to recommend to the favourable consideration of His Excellency.

I have, &c.

(Signed) HENRY RUSSELL,
Resident.

Extract from Bengal Political Consultations, 23d July, 1816.†

Ordered, That the following letter from Messrs. William Palmer and Co., of Hyderabad, which was on the 13th instant referred in the original to the Advocate-General, be here recorded, together with Mr. Strettell's letter on the point submitted to his opinion.

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* Hyd. Pap. p. 3. † Hyd. Pap. p. 3. 4.

To the Right Honourable Francis Earl of Moira, K.G., Governor-General, &c. &c. &c., Fort William.

My Lord,

When we addressed your Lordship in council upon a former occasion, we were persuaded that the establishment of a commercial house here was an object of public utility, and upon that ground we looked with confidence to the support of your Lordship's government in our undertaking. The consideration that address met with, did not disappoint our expectations of the view you would take of our application, and we had made no secret of our transactions. We were disposed to think, that the sanction we then received was sufficient for our security, and we acted upon this supposition. We have, however, heard a doubt expressed, whether that sanction was explicit enough to give security to all our money transactions; and any uncertainty upon this subject, is not only injurious to our affairs, but diminishes the degree of benefit which the local government derives from our establishment. Indeed, this benefit must be mutual; and the value of money, in this part of the world, must rise and fall in proportion to our credit, which depends upon the public. Impression has hitherto been so favourable to us, that we have, to the great advantage of the Nizam's government, and of the British interests combined with it, established a system of confidence and regularity in the money markets here, which a short time ago could scarcely have been believed practicable. It is not, however, possible that we should carry on transactions so extensive and so general as ours, without being frequently concerned in pecuniary arrangements with the government itself; and we entreat that your Lordship in council will, in pursuance of the power vested in you, exempt us from any penalties which we might be subject to under the act of Parliament, provided that whatever transactions we may have with the Nizam's government shall be such as will be approved of by the British government. We conceive ourselves to stand essentially wide of what was in the purpose of the legislature, though we now find it doubted whether the letter of the provision might not reach us. We believe that the penalties we allude to were imposed by act of Parliament, with a view to prevent European subjects from acquiring privately too much influence at native courts, and from taking advantage of the necessities of native governments, to extort exorbitant interest from them. We feel confident that our transactions cannot lead to either of these objects, and that their immediate operation has no taint of that quality; so that we are precisely in the situation which the act contemplated,

in giving power to the Governor-General in council to exempt from the penalties. Our transactions have always been open and public, and whenever we have considered them as connected with the government, they have been directly with the minister, who possesses the confidence and support of the British government.

The grounds upon which we indulge the hope that we are entitled to especial support and protection from your Lordship are,

1st. The acknowledged utility of our establishment (recognized by the minister and the Resident), in facilitating and augmenting a traffic, which has been deemed of sufficient importance to be the object of a commercial treaty between the Company's and the Nizam's governments. This object has been attended with the decided melioration in the state of the Ryots, upon whom the pressure for payments in advance, formerly made by the Nizam, is no longer necessary; and by the reduction of the rates of interest, owing to the preclusion, in a great measure, of the oppressive dealings of the Patans and Gosauns, and has been acknowledged as a benefit of the utmost importance by the minister.

2dly. The benefit of our speculations in timber to both governments, about three thousand logs of teak being annually floated down to the coast by us from the forests on the Godavery; whereas no other persons have been able to turn those vast internal sources of wealth to any purposes of public utility, and the Bengal markets have hitherto been supplied from the shores of aliens, and powers not unfrequently inimical to the British government.

3dly. The advantages which will result from our having ascertained the Godavery to be navigable by boats for four hundred miles, whence we expect to establish the practicability of conveying Berar cotton (the best in India) by water to the coast. The traffic in Berar cotton was formerly carried on by land to Mirzapore, but given up on account of the exorbitant taxes imposed by the petty Rajahs and Zemindars, and the difficulties and dangers of the road. Having satisfied ourselves as to the Godavery's being navigable from Dhuinapoor to Coringa, by taking boats down at two different periods, we are now employed in ascertaining the practicability of navigating the Wurda, (or, as the natives call it, the Puneeta), from Chanda, in the country of the Rajah of Nagpore, to its junction with the Godavery at Seroucha.

We have every reason to expect success in this undertaking, which has been attended with considerable expence and trou-

ble, and will be productive, in all probability, of great advantage to the commerce of this country.

We have, &c.

(Signed) Wm. Palmer and Co.

Mr. Strettell's Letter, 19th July, 1816. *

To John Adam, Esq. Secretary to Government.

Sir:

In obedience to the commands of the right honourable the governor-general in council, conveyed to me in your letter of the 13th instant, I have the honour to report, that I see no legal objection to the governor-general in council giving his consent and approbation to Messrs. William Palmer and Co. carrying on the business they have entered upon at Hyderabad, and to their doing the several acts from which they would be restrained by the 37th Geo. 3., cap. 142., sec. 28., unless consented to and approved of by the governor-general in council in writing.

It is proper, however, to observe, that although the 13th Geo. 3. cap. 63. sec. 30. confines the penalty for usury, in taking more than twelve per cent., to such as commit the offence within the company's settlements, I am by no means clear that it does not avoid the security, although it be not given, or the loan made within the company's settlements: It appears, however, to be confined to our own settlements.

I have, &c.

(Signed) Edward Strettell,
Advocate-General.

Letter from Secretary to government to Messrs. Palmer and Co. 23d July, 1816. †

Gentlemen:

1. I am directed to acknowledge the receipt of your letter of the 27th of June, requesting the consent and approbation of his excellency the governor-general in council to your doing the several acts from which you would be restrained by the

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* Hyd. Pap. p. 5.

† Hyd. Pap. p. 5.

37th Geo. 3. cap. 142. sec. 28. unless consented to and approved of by the governor-general in council in writing.

2. *The governor-general in council being satisfied that the interests, both of the dominions of his highness the Nizam and of the Honourable Company, will be promoted by the success and security of your commercial and pecuniary transactions*, as explained in your letter, has been pleased to comply with your application. I am accordingly directed to transmit to you a writing, under the signature of the governor-general in council and the seal of the honourable company, signifying the permission of the supreme government for your performing the acts above referred to, with no other reservation, than that it shall be at the discretion of the British Resident at Hyderabad, for the time being, to satisfy himself regarding the nature and objects of the transactions in which you may engage, under the permission now accorded.

I have, &c.

(Signed) J. Adam,

Secretary to government.

The Licence to Messrs. Palmer and Co., 23d July, 1816. *

Whereas the right honourable Francis Earl of Moira, governor-general of and for the presidency of Fort William in Bengal, in council, has taken into his consideration the benefits resulting to the government of his highness the Nizam, and to the commercial interests of the territories of his said highness and of the neighbouring provinces of the honourable the East India Company, from the transactions and dealings of the firm of Messrs. William Palmer and Co., established at Hyderabad, in the territories of his said highness, and is of opinion that the maintenance and extension of the dealings and transactions of the said firm of Messrs. William Palmer and Co., are a fit object of the encouragement and countenance of the British government; these are to certify to all persons whom it may concern, that the said governor-general in council does hereby, in writing, and by virtue of the power in him vested by a certain act of Parliament, made and passed at Westminster on the 20th day of July, in the year of our Lord one thousand seven hundred and ninety-seven, entitled "An Act for the "better administration of justice at Calcutta, Madras, and

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* Hyd. Pap. p. 5. and 6.

"Bombay, and for preventing British subjects from being "concerned in loans to the Native Princes in India," give his consent and approbation to the members of the said firm of Messrs. William Palmer and Co. at Hyderabad, doing all acts within the territories of the Nizam, which are prohibited by the said act of parliament to be done or transacted without the consent and approbation of the governor and council of one of the governments of the United Company of Merchants of England trading to the East Indies first had and obtained in writing, until the said consent and approbation shall be in like manner in writing withdrawn. *Provided, however, that the said firm of Messrs. William Palmer and Co. shall at all times, when required so to do by the British Resident at Hyderabad for the time being, communicate to the said Resident the nature and objects of their transactions with the government, or the subjects of his said highness the Nizam.*

Given at Fort William, this twenty-third day of July, one thousand eight hundred and sixteen.

(Signed) MOIRA. N. B. EDMONSTONE.
A. SETON. W. DOWDESWELL.

Ordered, that the preceding despatch be sent under an open cover to Mr. Russell, with the following instructions, and copies of the letters addressed to Messrs. William Palmer and Co. and the instruments enclosed in it.

To Henry Russell, Esq. Resident at Hyderabad *.

Sir,—

1. I am directed to acknowledge the receipt of your letter of the 27th ultimo, transmitting an application from Messrs. William Palmer and Co.

2. I am now directed to transmit to you, under an open cover, the reply which I have been instructed to return to their application; from which, and from the instrument enclosed in it, you will perceive that his lordship in council has been pleased to comply with their request, subject only to the discretion reserved to the Resident at Hyderabad, for the time being, to satisfy himself with regard *to the nature and objects* of the transactions in which Messrs. William Palmer and Co. may engage under that permission. *You will accordingly consider it to be your duty to exercise that degree of control, at such time, and in such manner, as you may judge to be expedient, in the spirit of the resolution now communicated to you.*

* Hyd. Pap. p. 6.

3. Copies of my letter to Messrs. William Palmer and Co., and of the instrument enclosed in it, are herewith transmitted.

I have, &c.

Fort William, (Signed) J. Adam,
23d July, 1816. Secretary to Government.

This licence was communicated to the court of directors in a letter dated 3d of January, 1817 *, in the following paragraph.

285. In the month of July last, we received a memorial from Messrs. Palmer and Co.; requesting the consent and approbation of the governor-general in council to their doing the several acts, from which they would be restrained by the 37th Geo III. cap. 142. sec. 28, unless consented to, and approved of, by the governor-general in council in writing.

286. *Having previously consulted with our advocate-general, and being satisfied that the interests, both of the dominions of his highness the Nizam and of the Honourable Company, would be promoted by the success and security of the commercial and pecuniary transactions, as explained by Messrs. Palmer and Co. we complied with their application.* A writing was accordingly transmitted to Messrs. Palmer and Co. under the signature of the governor-general in council, and the seal of the Honourable Company, signifying the permission of the supreme government for their performing the acts above referred to, with no other reservation, than that it should be at the discretion of the Resident at Hydrabad, for the time being, to satisfy himself regarding the nature and objects of the transactions in which Messrs. Palmer and Co. might engage under the permission accorded.

At the end of 1816, the probability of a serious contest with the Mahrattas being apparent, Lord Hastings, with a view to render the alliance of the Nizam more effective, persuaded him to have a portion of his cavalry and infantry disciplined by European officers.

The following are the words of the government letter to the court of directors †.

" In 1816, and the beginning of the succeeding year, the " probability of a serious contest with the Mahrattas became " visible; there was an obvious mode of rendering the Nizam " more efficient to our aid by prevailing on him to have a " portion of his soldiery, both cavalry and infantry, disciplined

* Hyd. Pap. p. 1. † Hyd. Pap. p. 36.

"after the manner of our troops, which was practicable only "by allotting a proportion of our European officers to them. "This condition would make the troops essentially ours, "though paid by the Nizam. His highness's consent was "gained by his being made to see how he would be enabled by "such a force to subdue his refractory zemindars; an object in "which he had hitherto failed, either through the collusion of "the chiefs sent against them, or the incompetency of that "armed rabble to any duty: and it may be stated here, that in "this prospect the Nizam was not deceived, the principal "rebellious feudatories having been brought into complete "subjection by those new organized corps."

On 31st December, 1816, Mr. Russell had reported as follows:—

"For the pay of the 2000 Sirkar horse in Berar, an arrangement has been made with Rajah Govind Buksh, who has engaged that they shall not be more than one month in arrear; the pay of January, for instance, being issued on the 1st of March; and for the payment of the Sirkar horse (1000) that have gone from Hyderabad, the house of Messrs. Palmer and Co. have agreed with Rajah Chundoo Loll to provide the monthly sum of fifty-two thousand rupees, at Aurungabad."—*Hyd. Pap. p.* 102.

The following extract from Mr. Russell's letter to the Court of Directors, will more fully explain the necessity that led to this measure:—

Extract from Mr. Russell's Letter to the Court of Directors.*

Our political interests at Hyderabad required, at that time, to be guarded with peculiar circumspection. They were beset with difficulty on every side. From the Nizam himself, we had nothing to hope, and every thing to fear. He was weak in his own character, uneasy under our control, and notoriously friendly to every project that was hostile to us. His own family submitted, with equal reluctance, to his authority, and our influence. Two of his sons had recently broken into open rebellion, and, after a sharp conflict in the heart of the city, in which an officer of my escort was killed, had been arrested and confined. His ministry was distracted by jealousy and dissension. Mooneer-ool Moolk was a nominal minister without authority, and Chundoo Loll the efficient minister without the name of office. They were necessarily rivals instead of colleagues. Whatever one proposed the other resisted, and the Nizam's influence was always thrown into the opposite scale to ours. Mooneer-ool Moolk, with an habitual propen-

* Mr. Russell's Letter, p. 1. and 5.

sity to artifice and stratagem, was engaged, both at home and abroad, in perpetual intrigues against Chundoo Loll, who was the minister of our choice, and who stood almost alone as the advocate and supporter of our interests. The chieftains and noble families imputed their loss of weight and influence in the state to our ascendancy, and hated us with double rancour, because we were powerful, and because we were Christians. The populace, like that of all Mahometan cities, were turbulent, discontented, and fanatic, and were ripe for the perpetration of any enormities or excesses. We had, therefore, to support a government, which, though unable to support itself, was unwilling to be supported by us; and had every thing to apprehend that could arise from national hatred and religious bigotry, from secret disaffection and open hostility. Only a few months before, on the occasion of an insurrection in the city, the Nizam had been invited to raise the standard of a holy war against the infidels; and his own brother-in-law, Shums-ool Omrah, declared publicly at the palace, that if every true believer would but throw a handful of earth upon us, we should be overwhelmed. The hostilities which we were afterwards compelled to undertake against the Pindarrees, and in which we were eventually involved with the Mahrattah powers, were then evidently approaching; and Chundoo Loll could not have pursued the course which was essential to the maintenance of internal tranquillity, as well as to the efficient prosecution of the war, without extraordinary assistance, and the command of pecuniary means beyond the dilapidated resources of his own government. It is incumbent upon those who object to his measures, to show, either that he could have done without the money which he borrowed, or that he could have borrowed it upon better terms than he did.

From the application of that money, our interests derived at least as much benefit as the Nizam's. One of the conditions of the treaty which Marquis Wellesley concluded with the Nizam in 1798, preparatory to the war with Tippoo, was, that he should disband a large military force then in his service, under the command of French officers; and it became our obvious policy, to induce him to supply its place by a similar force, officered by British subjects. The importance of this force was, in an eminent degree, enhanced by the peculiar circumstances of the Nizam's government, and the critical relation in which we stood towards other powers; and Chundoo Loll had therefore been obliged to incur considerable expence in extending and improving it. In the end of 1816, a few months before the operations against the Pindarrees began, I prevailed upon the Nizam's government to organize a body of four thousand of their own irregular cavalry, and to place it

under the command of English officers. The particulars of this measure were reported by me to the supreme government, in a despatch to Mr. Chief Secretary Adam, dated the 30th of December, 1816, in which, among other details, I stated that the house of Messrs. W. Palmer and Co. had agreed with the minister to provide the monthly sum of fifty-two thousand rupees, for the payment of one thousand of the horse; the payment of the remaining three thousand having been provided for by other means.

The answer from the chief secretary to the foregoing despatch, of 30th December, 1816, contained the following passage:—

"To your approved judgment and address, his excellency in council mainly ascribes the success with which so important a measure has been carried into effect. His lordship in council, also, desires to express his entire approbation of the details of the arrangement for organizing the cavalry in question, as reported in your despatch."

The following extract from the Resident's report to Sir T. Hislop, of the 14th of June, 1817, will show the successful result which attended the measure.

"The two battalions at Hyderabad compose the Russell brigade, which is commanded by Captain Hare of the Company's army. The enclosed return exhibits the strength and composition of this corps. The men are chiefly Hindoos, natives of the Company's territories in Hindoostan. They are disciplined, armed, clothed, and equipped, in all respects, like our own troops: they are paid regularly, every month, out of the Resident's treasury: they do no duty in the city, nor with any other troops in the Nizam's service, nor have they any sort of communication with any branch of the Nizam's government; in fact, they belong to the Nizam's army in name alone: they consider themselves as Company's troops, and for all practical purposes, they are as much so as those on our own immediate establishment. I am persuaded that your excellency will find this brigade equal to the native corps of the Company's own army. It is evident, that the whole of the regular and reformed troops are, in a great degree, subject to the same control by the Resident."

In December, 1818, Mr. Russell reported to the governor-general in council, that an arrangement had been made by the minister with the house of W. Palmer and Co. for supplying him with two lacs of rupees monthly, for the punctual payment of the regular and reformed troops at Aurungabad.

The following documents explaining the transactions, will incidentally show,—

1st. That the Aurungabad contract was made at the instance of Captain Sydenham, the Company's agent in Berar.

2nd. That no guarantee on the part of the Resident, for securing Messrs. Palmer and Co's. repayment, was either given or expected; and,

3d. That the house had not any power to interfere, by themselves or by their agents, in the collection of the assignments made to them over the districts.

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*Extract from Captain Sydenham to Mr. Russell, 10th March, 1818 *.*

"I have repeatedly had occasion to notice to you, in my private correspondence, the irregularity with which the Nizam's regular infantry and reformed horse in Berar are paid by Rajah Govind Buksh †. My remonstrances to the Rajah on this subject have been incessant, and are, in fact, repeated every month; but so far from causing punctuality in the payment of the troops, they appear to be losing their effect, from the frequency of their repetition, and to be productive of little else but constant discussion and altercation; of demands on one side, and of delays, evasions, and deceit on the other; which not only obstruct the progress of the public service, but cannot fail to affect the temper of my intercourse with the local government. The admonitions which the Rajah has received from yourself and the minister, on the subject, have not been attended with the effect which might have been expected from them; and under these circumstances, it becomes necessary that some arrangement be immediately adopted, to remedy an evil which will increase with the increasing expences of the troops, and the declining resources of the government, and which cannot be suffered to exist, without serious detriment to the public interests.

"The payment of the contingent troops is a matter of such vital importance, that I would beg to suggest its being specially provided for by treaty, with due security against its failure: and an opportunity may soon occur for inserting an article in our engagements with the Nizam, expressly stipulating for the amount of his highness's auxiliary force, and for the supply of funds for its payment."

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* Mr. Russell's Letter, p. 11.

† The minister's brother, and governor of Berar.

Mr. Russell's Letter, 31st December, 1818. *

Sir :

Considerable difficulties having been experienced at Aurungabad, in procuring adequate funds for the payment to the regular battalions and reformed horse in Berar, it became absolutely necessary to substitute some other system to that which had hitherto prevailed, and which had been rendered defective principally by the mismanagement of the country, the improvidence of the government, and the increasing difficulties of the Talookdars, and, in some measure, certainly by the misconduct of Rajah Govind Buksh. *In consequence of the repeated representations which I made to Rajah Chundoo Loll on this subject, and the importance which he saw I attached to it, as the very foundation of the efficiency of the whole establishment, he entered into an arrangement with the house of Messrs. William Palmer and Co. of Hyderabad,* by which they have engaged, on the security of orders to be granted on the revenue of certain districts in Berar, to provide the monthly sum of two lacs of rupees at Aurungabad, which, it is calculated, with the addition of the jagheers, from the produce of which a part of the reformed horse is already paid, will cover the whole expence of the four battalions of infantry, the artillery, and three resselahs of the horse ; the pay of the fourth resselah, which was originally detached from Hyderabad, having, from the first, been provided under a separate engagement between Messrs. Palmer and Co. and the minister.

The adoption of this arrangement has necessarily been attended by a considerable diminution of Rajah Govind Buksh's authority. The regular and reformed troops in Berar, like those of the south of the Godavery, have been placed in immediate dependance on the minister, and the orders for the security of the pay being issued by him, it became necessary to the system of revenue, which prevails under all native governments, that the districts on which they are granted should be managed by Talookdars appointed immediately by himself. A good deal of angry discussion took place, in the progress of this arrangement, between Rajah Chundoo Loll and his brother, who, although he distinctly declared his own inability to provide funds for the military establishment in Berar, was reluctant to lose, by the substitution of the only plan which afforded a prospect of efficiency, so large a portion of the influence and authority which he had previously acquired. The minister, in a manner more creditable perhaps to his personal kindness than to the firmness of his public character, has consulted his

* Hyd. Pap. p. 11.

brother's wishes to the utmost extent which was consistent with the efficiency of the new system. The regular and reformed troops are the only establishments which have been translated from Rajah Govind Buksh's authority, and he still continues to exercise the same control as before, over every other branch of the local government of Berar. The annual revenue of the districts, which were previously in the hands of Rajah Govind Buksh, was estimated at fifty-one lacs of rupees. Of these a certain number have been set aside to answer the minister's orders, to the nominal amount of twenty-nine lacs of rupees a-year, a sum which, it is calculated, will not produce an actual payment larger than will be required to meet the principal and interest of the monthly sum to be provided by Messrs. Palmer and Co. at Aurungabad; and all the remaining districts, producing an estimated annual revenue of twenty-two lacs, have been left, as they were before, under the management of Rajah Govind Buksh, to cover the charges of the irregular troops and the various other local establishments of the province.

I have, &c.

Hyderabad, (Signed) HENRY RUSSELL,
31st December, 1818. Resident.

Mr. Metcalfe's Reply, 30th January, 1819.*

Sir:

1. I am directed to acknowledge the receipt of your despatch of the 31st ultimo, respecting pecuniary arrangements between the government of Hyderabad and the house of Messrs. William Palmer and Co., for the payment of the regular battalions and reformed horse in Berar in the service of his highness the Nizam.

2. The governor-general in council is desirous of knowing in what degree your sanction has been given to these arrangements, and whether you consider that any guarantee is implied on the part of the British government, and in what manner the liquidation of the orders to be granted on the revenues of the assigned districts is secured to the house of Messrs. William Palmer and Co., and on what terms their advances are made.

3. The governor-general in council is further desirous to be informed, whether arrangements, equally efficient and economical, could, or could not, have been made with native bankers at Hyderabad.

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* Hyd. Pap. p. 12.

4. This last question will indicate to you an apprehension, on the part of government, that there may be some implication, though not expressed, through which the honourable company might be expected to enforce fulfilment of the Nizam's agreement, should arrears or obstructions occur.

5. I am accordingly directed to request that you will be pleased to report on these points.

I have, &c.

Fort William, 30th January, 1819. (Signed) C. T. Metcalfe, Secretary to Government.

Mr. Russell's Letter, 28th April, 1819.*

To C. T. Metcalfe, Esq. Secretary to Government.

Sir:

I have the honor to acknowledge the receipt of your letter of 30th January, requiring further information on the subject of the arrangement between the Nizam's government and Messrs. William Palmer and Co., which was referred to in my despatch to the Chief Secretary of the 31st December.

That arrangement was first suggested by Captain G. Sydenham to Messrs. Palmer and Co., proposed by them to me, and mentioned by me to the minister. The discussions which took place on the subject of it, between the minister and Messrs. Palmer and Co., were carried on with my full knowledge, and the conclusion of the arrangement had my entire concurrence, as I considered that the punctual payment of the regular and reformed troops was indispensable to their efficiency, and as I knew that it could not be securely provided for by any other means. None of the native bankers at Hyderabad could have commanded funds adequate to the purpose; and even if they could, their terms would have been much higher than those of the present arrangement.

Both the minister and Messrs. Palmer and Co. were aware that I considered the object to be one of considerable public importance, and certainly expected that I should give it the same support, which I have already been directed by the supreme government to give to the transactions of the house generally; but there was no assurance or understanding, expressed or implied, which amounted to a guarantee, or which could be possibly construed into a pledge, that the Honourable Company would en-

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* Hyd. Pap. p. 12.

force the fulfilment of the agreement on the part of the Nizam's government. In order, however, to put this important point beyond the possibility of a misconception, I addressed Messrs. Palmer and Co. on the subject. I have the honour to inclose copies of my letter to them, and of their answer, which I hope will be satisfactory to the Governor-General, and afford information on all the points on which it has been required.

I have, &c.

(Signed) HENRY RUSSELL,
Resident.

Mr. Russell's Letter to Palmer and Co., 22d April, 1819.*

Gentlemen :

In a despatch from the supreme government, in answer to my report of the arrangement which has been made between you and the minister for the payment of the regular and reformed troops in Berar, I have been directed to state, in what degree my sanction was given to that arrangement ; whether I considered that my guarantee was implied on the part of the British government ; in what manner the liquidation of the orders granted to you on the revenues of certain districts is secured to you, and on what terms your advances are made.

It is my intention to state, in answer to these enquiries, that the arrangement between you and the minister was framed with my full knowledge and concurrence, and that I consider you to have entered into it under the assurance of receiving from the Resident that support, which is essentially necessary to the security of your transactions of every description ; but that no such guarantee was given or implied on the part of the British government, as could either impose any pecuniary obligation on the Honourable Company, or require that they should enforce the fulfilment of the Nizam's agreement. As it is necessary, however, that the understanding on this important point should be perfectly distinct, I am desirous to give you the opportunity of making any observations that occur to you on the subject.

I have, &c.

(Signed) HENRY RUSSELL,
Resident.

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* Hyd. Pap. p. 13.

Palmer and Co.'s Reply, 28th April, 1819.*

To H. Russell, Esq., Resident, &c. &c. &c., Hyderabad.

Sir:

We have the honour to acknowledge the receipt of your letter, of the 22d April, communicating to us that you are directed by the supreme government, to state certain particulars regarding the agreement between the minister and our firm, for the payment of the Nizam's regular and reformed troops in Berar. In answer to these points, we beg to state, that our agreement with the minister, having been made with your full knowledge and concurrence, and for the promotion of a public object of some importance to the Honourable Company's government, which we believe could hardly have been otherwise effected, we considered ourselves entitled to receive from you the fullest support which you could give us, by the exertion of your influence with the minister. We believe it is unnecessary for us to tell you, that we were by no means influenced to enter into our engagements at Aurungabad, with a view to any considerable pecuniary benefits. *We could have employed our capital more advantageously; and our principal object was, to recommend ourselves to the favourable notice of the supreme government, by making ourselves useful in promoting your public objects.*

We have never understood, that a guarantee of any sort was afforded to us by the British government, or that any pecuniary liability whatever, on the part of the Honourable Company, was involved, either in the encouragement which you gave to the arrangement, or in the support which we expected from you for our security in the conduct of it. *But we must observe, that in a country where there are no regular courts of judicature, we never could have established an extensive mercantile concern, without the conviction that we should receive from the Resident that support, which is essential to the transactions of any British merchant in this country;* and that we considered ourselves justified in looking for that support, in consequence of the letters which the supreme government was pleased to address to you on the subject of our establishment.

We beg to add, that we have no security for the liquidation of the orders granted to us on the revenues of certain districts, *beyond the good faith of the minister,* and such an eventual support from your influence, as, from the justness of our demands, and the public utility of our agreement, you may deem it proper to afford us.

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* Hyd. Pap. p. 13.

With regard to the terms on which our advances are made, they will be most fully and distinctly exhibited by the enclosed copy of the written agreement which was entered into with the minister.

We have, &c.

(Signed) W. Palmer and Co.

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*Palmer and Co.'s Agreement with the Minister.**

Substance of a Wajibool submitted by Messrs. W. Palmer and Co., to Rajah Chundoo Loll, consisting of eleven articles, with the Rajah's answers annexed to each article.

1. It will be necessary for the establishment of a banking-house at Aurungabad, with means competent to make a monthly loan of two lacs of rupees, for the payment of the troops in Berar, that the capital should not be less than 2,000,000 rupees; for although the tunkhas are considered as becoming due quarterly, payment on them is not realized usually till till the expiration of five months.

Answer 1. It is essentially necessary that an establishment be formed at Aurungabad, for the payment of the troops.

Note. — The best tunkhas formerly granted to us were on Sereenewas Row and Karee Moongee Venkut Row, and these Talookdars were allowed one month's grace from the time that the tunkha became due; and, at the expiration of that period, Soucars bills, and private bills on their own Fotedars, were given by them, payable at one month's sight. Ruffat-ool Moolk, who is the most regular Talookdar, pays in the same manner the kist due by him at the end of the year, having still a more protracted period of payment.

2. It will be required that the minister, in consideration of the loan of twenty-four lacs of rupees, to be made within the year, should grant tunkhas to the amount of thirty lacs of rupees, the extra six lacs being required to cover deficits in the revenues, to cover interest, and to give facility to the establishment to make the required monthly payments. It is presumed that this arrangement, even, will leave no balance, from the circumstances enumerated, and from the delays in payment in favour of the minister.

Answer 2. In conformity to the requisition of the House, tunkhas to the amount of thirty lacs shall be annually assigned to

* Hyd. Pap. p. 14, 15, 16.

it. But such balances as shall remain due to government, after the payment of the principal sum advanced to the troops, and interest on it, shall be carried out to the accounts of the succeeding year.

3. Such portions of the tunkhas as shall not have been paid at the expiration of the third month of the following Fuslee year, to be re-imbursed to the House by a payment in cash at Aurungabad.

Answer 3. Tunkhas to an amount of thirty lacs shall be given. Should a balance still exist in favour of the House, it shall be paid in cash, three months after the expiration of the year. The collections of the revenues of the districts in Berar commence in Sawan and end in Chyt.

4. It will be required that the minister should furnish the best tunkhas, and that the Aumils should be urged to adhere to regularity in their payments, as it will otherwise prevent the House, by a deficiency of its funds, from making the payment with punctuality.

Answer 4. The best tunkhas will be granted, and the Talookdars shall be particularly directed to close their payments within the year.

5. It will be necessary that every possible accommodation be given to the House, in respect to the currencies which it shall issue for the required monthly advances; for, from the known deficiency of a circulating medium, and the variety of coins in circulation, it is apprehended that the House may occasionally find it impracticable to procure a particular currency; and as specie is made on that account a marketable commodity, bearing a fluctuating value in proportion to the existing demand, it becomes necessary that the House keep its accounts in some fixed currency, to be hereafter deter-

mined upon, and that entries upon the score of premium and discount be admitted.

Answer 5. You are directed to pay the troops in the coinage of Aurungabad and Hyderabad, the halle zoolferaree, which is the current coin of the country. If you receive other currencies from the districts, you will enter the difference of exchange to the credit or debit of the sircar.

6. That in the event of payments being to be made to detachments at a distance from Aurungabad by bills, the commanding officer be directed to receive payments from the House in specie, and negotiate his own bills, thereby saving the house from incurring a responsibility on the bills. If it be found convenient to possess the security of the House on this transaction, that a charge of one *per cent.* on *del credere* be allowed to it, on the consideration of its being required to cover it from an eventual loss.

Answer 6. The commanding officer may take the money; but if he receive bills from the House, one *per cent.* shall be allowed to it, besides the exchange which such bills may bear.

7. To give facility and security to the negotiation of its bills, the House will endeavour to enter into correspondence with Soucar's houses at all the considerable mercantile places.

Answer 7. Let the House establish a correspondence to give facility to a negotiation of bills.

8. That the commanding officer be required to receive payments fifteen days in advance, in such sums, not under ten thousand rupees, as the House may find convenient to make; and that a period of one month from the time of the pay be-

This article becomes necessary, as the House is compelled to collect specie whenever it can, of which it has no means of disposing.

coming due, be granted to it, for completing its payments.

Answer 8. Agreed to.

9. As the establishment, for the employment of its funds must necessarily engage in transactions unconnected with the payment of the troops, it is requested that the same protection, which is afforded to the House at Hyderabad, be given to its transactions at Aurungabad.

Answer 9. The same support which is given to you here, will be afforded to you there.

We have not been able to engage in other transactions, from circumstances connected with Rajah Govind Buksh's disposition towards us, and from the previous occupation, by certain Soucars, of the traffic of Berar, with whom Rajah Govind Buksh is supposed to have a participation, as we have before explained to Mr. Russell, and we consequently suffer an occasional loss from an unoccupied capital.

10. That Rajah Govind Buksh, to whom a direct and frequent reference will be necessary, be requested to afford his protection to the establishment, and to forward the views and traffic of the House.

Answer 10. Rajah Govind Buksh shall be directed to give his support to all your transactions.

11. That the House be permitted to advance money to the troops, subject to a limitation of the amount, by their immediate commanding officer, and that such advances be deducted from the monthly stipulated payment.

Answer 11. As the advances will be made with the permission of the commanding officer, he will be directed to deduct the amount from their pay, and give it over to you.

This arrangement principally bears a reference to the House, to enable the men to mount themselves. Captain Davies, the officer commanding the reformed horse, has found this arrangement a very considerable accommodation to the men of his corps.

(Signed) W. Palmer and Co.

*Mr. Russell's Letter, 12th January, 1820.**

To C. T. Metcalf, Esq., Secretary to the Government, Fort-William.

Sir:

I have the honour to acknowledge the receipt of your letter of the 9th ultimo, conveying the instructions of His Excellency the most noble the Governor-General on the subject of the pecuniary arrangement between the Nizam's government and the House of Messrs. William Palmer and Co. for the payment of His Highness's regular and reformed troops in Berar.

No agents have ever been employed on the part of that establishment, either in the collection of the revenues or in the discharge of any other duties connected with the management of the districts on which tunkhas have been granted by the minister; nor should I, under any circumstances, have admitted of the exercise of any such interference, without the express authority of the government.

I have, &c.

(Signed) H. Russell,
Resident.

On the 3d July, 1819, the subject was discussed in council at Calcutta; and on that day, in consequence of Mr. Stuart's desire, (as he himself records in his minute of 10th November,) a reference was made to the Accountant-General † "for his opinion as to the expediency of the "arrangement in a financial view, with reference to the in-"terests of the Nizam's government, and ultimately per-"haps of that of the Company."

This gentleman's opinion, if such it can be called, was given in a letter of 21st July ‡, and fully bears out Lord Hastings in his subsequent regret and self-condemnation, for having permitted the reference to be made, and for having (to use the words of His Lordship's minute ||) "unfairly betrayed that gentleman beyond his depth."

* Hyd. Pap. p. 34.

† See the letter to Mr. Sherer, Hyd. Pap. p. 16.

‡ See Mr. Sherer's letter, Hyd. Pap. p. 17.

|| Hyd. Pap. p. 32.

Because the two letters of the Resident were laid before the Accountant-general for the purpose of enabling him to understand the questions submitted, he thinks proper to dedicate twelve out of the thirteen paragraphs, of which his letter consists, to matters totally distinct from the question on which his opinion was or could have been required. First, in utter ignorance that the house had received a licence from the Governor-general in council, three years before, exempting them, in the terms of the 37 Geo. III., from its penalties, he is pleased to inform them, that the parties are prohibited by that act, from having any pecuniary transactions whatever with the Nizam; for, he adds, that "he presumes, that had the house received such a "licence the circumstance would have been alluded to "in the correspondence submitted to him." He next solemnly intrudes his doubts on the political question, whether a private house of business be a proper channel, through which to make payments to the troops, and further (assuming falsely such to be the fact) denounces the danger of entrusting to persons, not under the control of immediate authority, in a country where there are no regular courts of judicature, powers, which may be so easily abused. What powers he assumes or alludes to, he does not condescend to name. In point of fact, the house neither had, nor exercised any powers whatever. After he has, in his 12th paragraph, flippantly denounced the arrangement, as highly objectionable, the following words contain the only answer he is pleased to give to the question on which his opinion was asked.

"In a financial view I am unable to discover from this "correspondence any necessity in the case." But he recommends that Messrs. Palmer and Co. should be desired to furnish figured statements of the whole of their pecuniary transactions with the Nizam's government under the arrangement.

That Mr. Sherer should have taken upon himself, to

volunteer his crude notions, as a counterpoise to the opinion and authority of Mr. Russell, the Resident on the spot, with all cause of local knowledge; and that he should have done this in a manner so indecorous, requires some theory to account for. His letter is little short of a direct and unqualified attack on the integrity of Mr. Russell. It is a singular and remarkable coincidence, that Mr. Stuart, whose groundless suspicions of Mr. Russell were afterwards exposed by Lord Hastings, in full council, on the 9th October, 1819, should have been the person to call for this opinion of the Accountant-general; and should have quoted that gentleman with such eagerness in his minute of 10th November. *

The circumstances attending that exposure are not recorded in the minutes of council; but the unjust imputations, cast upon Lord Hastings by the Court of Directors in their never-to-be-forgotten letter of November 1821, drew from his lordship the following statement, as his reason for not having placed them on the record of the council book.

Extract from Lord Hastings' Letter to the Chairman, of 6th December, 1822. †

The charge against me rests upon my having adopted a course of procedure, on grounds which I studiously, and almost avowedly, withheld from the honourable court. As a basis for that supposition, it is assumed that Sir William Rumbold was examined before the council, regarding the particulars of the dealings between the house of William Palmer and Co. and the Nizam's government. No such examination took place: of course, the suppression of information given by Sir William Rumbold on that occasion is inaccurately presumed. It would have been idle to require from Sir William Rumbold expositions already before the board in various documents, and sifted in repeated discussions. The appearance of Sir William Rumbold was demanded by me, that I might put to him a single question. To explain this, I am compelled to state the cir-

* Hyder. Pap. p. 25.
† Hyd. Pap. p. 108, 109.

cumstances of that sitting: I do it with pain, but I have no option.

To all in this country it would be absurd to expatiate on the character of John Palmer, Esq.; but, since the statement is meant for submission to the honourable court, it is not superfluous to mention, that the above gentleman is at the head of the British mercantile interest in India, and that he is not more distinguished by that pre-eminence, than by the strict and manly cast of his uprightness. By the communication which he has, on my requisition, made to the council, it appears that he had informed me of a very grave doubt expressed respecting the probity of Mr. Russell. The suspicion purported no less, than that Mr. Russell had been secretly leagued with the house of William Palmer and Co. in negociating the Aurungabad loan, whence exorbitant profit was to be drawn from the Nizam. It had long before been imparted to me by several persons, that Mr. Stuart was strongly prejudiced against Mr. Russell, through artful misrepresentations from the father of a Moonshee whom Mr. Russell had dismissed for malpractices; but I had, till then, never imagined that any one could listen to an imputation on Mr. Russell's integrity. Though I was entirely unacquainted with that gentleman, all I had heard of his character made me confident the surmise had been loosely hazarded. Nevertheless, when such an accusation was hinted against a person holding an important trust, a public duty obviously forbade my suffering such an insinuation to sleep uninvestigated; and I expressed that sentiment energetically to Mr. Palmer, who was somewhat reluctant to have it known that he had repeated Mr. Stuart's observations. In consequence, I directed that Sir William Rumbold should be requested to attend the council on the morrow. I did not specify my object; so that the summons might have been expected to apply to a misapprehension on the part of Sir William Rumbold, in correspondence about the nature of accounts which the board desired should be laid before it. On the entrance of Sir William Rumbold into the council chamber, I moved that he should be put upon oath, and be asked, whether, in the transactions above alluded to, Mr. Russell had taken any step in concert with the house of William Palmer and Co., by which he could, directly or indirectly, participate in its profits; or had any connection with the house, whereby he could, immediately or remotely, compass gain, other than the interest of any money of his own which he might have lodged in their bank? *Mr. Stuart, then a member of council, was evidently in the instant sensible of Mr. Palmer's having communicated to me the conversation which passed between them. He started up, and eagerly objected to the*

proposition, on the ground that such a question put upon record, would be degrading to Mr. Russell, as exhibiting him in the light of a person obnoxious to a suspicion, which no man, who knew his character, would for a moment admit. I could not press my motion without justifying my pertinacity, by bringing forward the language held to Mr. Palmer, so much at variance with the present professions. I gave credit to Mr. Stuart for his having, in the interval, satisfied himself that his conjectures were unfounded; and I shrunk from distressing a gentleman thoroughly honourable, though too prone to listen to defamatory whispers. I said, if it were understood in council that no doubt was entertained of Mr. Russell's purity, I should not agitate the matter further. Of course, the motion dropped. Sir William Rumbold, however, complained strenuously of not being permitted to vouch, upon his oath, that which he asserted on his honour; namely, that Mr. Russell had not (in the abovementioned transactions) any connection with the house, or cognizance of its procedures, beyond what was involved in those references to him, of which the particulars were necessarily laid before government. Beyond what I have recited, any thing addressed to Sir William Rumbold, or started by him before the council, was incidental and unconnected. It was intimated by me, that as Sir William Rumbold was before the board, he was open to be questioned on any particular. If any interrogatory was put to him, it must have been in a manner so light and so professedly colloquial, as that there was no thought of reducing what passed in that manner to writing; but nothing of the kind is retained by my memory. I am speaking of topics distinct from that which is represented in a minute of mine on the occasion. As that minute was transmitted home, and is commented upon by the honourable court, its subject will not come within the description of information withheld. Sir William Rumbold's offer to wait upon Mr. Stuart at his own house with the accounts was included in that part of the discussion. Observation on that point shall be reserved, till I shew it in context with matter which will define its bearing. Reverting to the forbearance which has entailed so rigorous a construction from the honourable court, I may truly say, that if I acted improvidently for myself, in not causing these particulars to be recorded on the proceedings of Council, I still cannot regret a delicacy no less due to the honourable court than to Mr. Stuart. No foresight could have looked to the possibility of such an interpretation as I have experienced. My having refrained from gratuitously obtruding upon the honourable court a detail at once so superfluous and so unpleasant, may perhaps now be thought not absolutely blameable.

The letter of Mr. Sherer is the first recorded attack on the character of Mr. Russell. It is clear, that if the house of William Palmer and Co. (*the notorious object of jealousy, because the members were not in the Company's service*), were to be attacked, it was impossible to reach it, without first destroying Mr. Russell's character for integrity; and, consequently, the value of his testimony in their favour. That was necessarily therefore the first outwork to assail or undermine. It is not, under the extraordinary conduct of Mr. Sherer, difficult to believe, that he had been made acquainted with and possibly attached full credit to the poisonous suspicions which Mr. Stuart was bold enough to express to Mr. John Palmer, of Mr. Russell's corrupt connection with the house at Hyderabad.

It is singular that Mr. Stuart should have been so anxious to have the opinion of Mr. Sherer, as if he had prophetically felt he should find a congenial view of the subject in that gentleman.

It has been shrewdly remarked, that those are the surest prophets who are instrumental in fulfilling their own prophecies.

In compliance with the recommendation of Mr. Sherer, a letter was addressed to Mr. Russell, requiring the accounts.*

Mr. Russell replied on the 15th Oct. transmitting them with the letter addressed to him by Messrs. Palmer and Co.

Mr. Russell's Letter, 15*th Oct.* 1819.†

To C. T. Metcalfe, Secretary to the Government.

Sir:

1. I have the honour to acknowledge the receipt of your letter of the 4th ultimo, requiring figured statements of certain parts of the pecuniary transactions of Messrs. William Palmer and Co., under the arrangement made by them with the Ni-

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* Hyd. Pap. p. 19.

† Hyd. Pap. p. 21.

zam's government, for the payment of his highness's regular and reformed troops in Berar.

2. I called on Messrs. William Palmer and Co. to furnish those statements, and have now the honour to enclose a copy of their answer, which contains detailed accounts of the whole of their pecuniary transactions with the Nizam's government at Aurungabad.

3. After the completion of the arrangement with Messrs. William Palmer and Co. at Aurungabad, the necessity of which had arisen principally from Rajah Govind Buksh's declaration of his inability to continue to provide funds for the regular payment of the troops, Rajah Govind Buksh apprehending that the removal of that branch of his authority would impair his influence, expressed a wish to have the payment of the regular infantry restored to him, and Messrs. Palmer and Co. immediately declared their readiness to relinquish, in his favour, the whole, or any part of the arrangement which had been made with them. I communicated this proposal to Rajah Chundoo Loll; but he declined a compliance with it, on the ground that an efficient system having at length, with a great deal of difficulty, been completed, he was unwilling to forego any part of it, for the substitution of an arrangement which was not only likely to prove inefficacious, but which, on its failure, would occasion the renewal of similar embarrassments to those from which he had just been extricated. I agreed in opinion with the minister, and therefore communicated to Messrs. William Palmer and Co., that he declined availing himself of their offer.

I have, &c.

(Signed) H. Russell,
Resident.

Messrs. Palmer and Co's. Letter, 12th Oct. 1819.*

To Henry Russell, President, &c., &c., Hyderabad.

Sir:

1. We have the honour to acknowledge the receipt of your letter of the 22d September, enclosing a copy of a letter from Mr. Metcalfe to your address, dated the 4th of September.

2. We herewith have the honour to forward to you copies (No. 1 to 3) of our accounts-current with the minister, including a period of fifteen months, from the foundation of the

* Hyd. Pap. p. 21, 22, 23.

establishment, and terminating with the end of Ramzaun, 1228 Fuslee year, corresponding with the 23d of July last. The accounts-current include every item of our transactions, and will exhibit the advances in detail.

3. The charges of interest are shewn in the account-current, and we also enclose copies of the interest accounts, from No. 1 to 3, for the better information of government on the subject. During the period of our transactions, we have had no balances in our hands in favour of the Nizam's government. If such balances had accrued against us, an interest of twelve per cent. per annum would have been allowed, being the usual rate of interest given by us on deposits in money.

4. Although the accounts-current exhibit the amount of tunkhas realized by us, and the dates of realization, we beg, for the information of government, to enclose a statement (No. 5), exhibiting the full amount of tunkhas granted to us, and the deficits of the collections, and consequent deficits of payments to us.

5. Although our accounts run for a period of fifteen months, the minister was enabled, from the lateness of the season when our arrangements were first made with him, to grant us tunkhas for twelve months only. The accommodation, therefore, which was given by us to the government, of a payment in excess for three months, has occasioned a considerable increase of balance; and the Fuslee year 1228 having expired but on the 4th of Zecad, or 26th of August last, the third article of agreement has, as yet, had no operation. The minister is, however, preparing assets for the discharge of a considerable portion of the balances against the government, according to the terms of the agreement.

6. The advances have been made in the same currency in which the payments from the talookdars have been received by us, in the Halee Zoolferaree rupees, the present coinage of the Nizam's government, at their mints of Aurungabad and Hyderabad; and the 5th article of the agreement has consequently had no operation.

7. We beg to enclose, also, a separate paper (No. 4) exhibiting the remittances on which the sixth article has operated, and the amount of premium received by us on that account. We have collected the items from the accounts-current, which we transmit.

8. We sincerely hope, that government will be satisfied with the details with which we have had the honour to furnish you; and we beg to remind you, that subsequently to our having formed the establishment at Aurungabad, for the express purpose of paying the troops commanded by officers from the Company's service, we offered to resign the payment

in favour of Rajah Govind Buksh, the governor of Berar, which was declined by you.

9. We also beg to submit to the consideration of government, that our establishment was formed at Aurungabad, at a time when the demand for money on the frontier was great, and that we suffered a considerable loss in our remittances to that place, and that all subsequent returns have been made to us at great disadvantage: the demand for money on the frontiers being reduced, and our known wants for a speedy return of cash to this capital, from our confining ourselves to government transactions alone, occasioning constantly a reduction in the rates of exchange against our remittances. It will, perhaps, be necessary to explain, that the purpose we contemplated of employing our money in other transactions at Aurungabad, has been deprived of effect from local circumstances connected with the stagnation of trade in Berar, and the indisposition of Rajah Govind Buksh towards us, which have been brought before under your consideration by us, and that we are occasionally, in consequence, called upon to provide funds at Aurungabad, and to recall them as hastily. The extent of these transactions, and the heavy loss incurred by them, can be exhibited by us; and we have no hesitation in saying, that we believe the amount cannot be far under thirty thousand Hyderabad rupees. The half per cent. agency allowed to us on balances, may appear large; but we beg to state, that if these losses, which must periodically occur, the charge of agency according to the usual practice of English houses in India, our charges of collections made from distant talookdars, and the expense of a separate establishment for the purpose of government alone, are taken into calculation, this arrangement would be found to encroach even upon the rate of interest charged by us; and the minister seems to have contemplated the heavy amount of the charges, in limiting us to a charge of half per cent. only. We also beg to explain, that the accounts-current closed to the end of Ramzaun, Fuslee 1228, or the 23d of July last, does not include the whole period of the Fuslee year 1228, but as made up to that period for the information of government, and is an open account.

We have, &c.

(Signed) W. Palmer and Co.

It is singular that although Mr. Russell's letter is dated the 15th Oct., and most probably reached Calcutta at the end of the month, Mr. Stuart, in his minute of 10th Nov., records it as a matter of complaint against the Resident,

that no answer has been returned to the requisition for the accounts.

In the meantime, on the 6th Oct. Sir William Rumbold, a partner of the firm of William Palmer and Co., being in Calcutta, and understanding that a requisition to the foregoing effect had been despatched to Hyderabad, requested from the secretary to government, a copy of the same, and on its receipt, he objected, as a mercantile man, to be subjected to such an improper demand, from any authority whatever, in the following letter.

Letter from Sir Wm. Rumbold, 7th October, 1819.*

To C. T. Metcalfe, Esq., Secretary to Government.

Sir,

I have the honour to acknowledge your letter of this date, enclosing a copy of the enquiries which the Governor-general in council has directed to be made from Messrs. William Palmer and Co., and to which I am authorized to reply. I regret extremely, that our answer to Mr. Russell, when he formerly addressed us upon the subject, has not been deemed sufficiently explanatory.

I request you will submit to the consideration of the Governor-general in council, that, as mercantile men, we could not with propriety furnish copies of our accounts with our constituents; that such a measure would be highly injurious to our affairs, and destroy the confidence which the public repose in us.

We did not conceal any part of our transactions with the minister from Mr. Russell, when he formerly called upon us, in consequence of the letter addressed to him by the Secretary to government, and we are at all times ready to afford him similar information. We feel so confident that there is no part of our engagements with the minister which is not unexceptionable, that we trust the Governor-general in council will pardon our earnest request, that he will relieve us from the painful state of anxiety in which we are now placed, which is very injurious to our affairs, and may destroy much of the confidence we have acquired from the public.

I have, &c.

(Signed) W. Rumbold.

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* Hyd. Pap. p. 20.

Letter from the Secretary to Sir William Rumbold, Bart. *

Sir,

1. I have had the honour of receiving and submitting to the Governor-general in council your letter of yesterday.

2. I am directed to observe, that you have not been called on to furnish copies of your accounts with your constituents; but merely a copy of your account with the Nizam's government, respecting a particular arrangement of a public nature, sanctioned by the Resident, and submitted by him to the notice of government.

3. The Governor-general in council requests that you will be in readiness to wait on His Lordship in council to-morrow.

I have, &c.

(Signed) C. T. Metcalfe,
Secretary to Government.

Council Chamber,
8th October, 1819.

In obedience to the foregoing letter, Sir Wm. Rumbold attended at the council-board on the 9th of October; and, in consequence of what passed on that day, the following letter of the same date was dispatched to Hyderabad, recalling the orders issued to demand the accounts of the House.

To Henry Russell, Esq., Resident at Hyderabad.

Sir, *

With reference to my letter of the 14th ult. respecting the pecuniary arrangement between the Nizam's government and the house of Messrs. W. Palmer and Co., for the payment of the Nizam's regular troops, I am directed to apprise you that the accounts therein called for are not required; and that the Governor-general in council does not propose to take cognizance of that arrangement, further, than to prevent any interference on the part of the house, or of any native agent belonging to that establishment, in the collection of the revenues, or in any other branch of the management of the districts assigned, under the agreement of the parties; for which purpose you are directed, if ever it be necessary to interpose your influence and authority. It may be proper to add, that such

* Hyd. Pap. p. 30.
* Hyd. Pap. p. 21.

interference on the part of the house is not understood to be a part of the agreement, and is not supposed to have been in contemplation of either party.

I have, Sir, &c.

T. Metcalfe,

Secretary to Government.

Fort-William,

9th Oct., 1819.

The accounts had, however, been already transmitted to Calcutta, and had crossed the foregoing letter on its route to Hyderabad. They were circulated for one month amongst the members of council, and were then returned to Hyderabad. Mr. Metcalfe announced that circumstance to Sir Wm. Rumbold in the following letter.*

To Sir Wm. Rumbold, Bart.

"My dear Sir William,

"Before you receive this, you will have found the questions contained in your letter of the 14th ult. fully answered at Hyderabad. After a little discussion it was determined that, consistently with the resolution of government not to take cognizance of your arrangement with the Nizam, there was no plea for scrutinizing and recording the accounts; they are, therefore, returned to Hyderabad, after passing in circulation among the members of government. I hope, and believe, that the question is at rest; and I do not see any probability of a revival of any correspondence on the affairs of the House at Hyderabad, unless it originate there.

"(Signed) C. T. Metcalfe."

"Barrackpore,

"3d Feb. 1820."

It has been already observed, that there is no record of

* Hyd. Pap. p. 735.

what passed in council on the 9th October, when Sir Wm. Rumbold attended; but both Mr. Stuart and Lord Hastings allude to it in their several minutes of the 10th November which follow.

Mr. Stuart's Minute, dated 10th November. *

The Board are aware, that from the time we received the Resident at Hyderabad's report of the arrangements concluded, under his sanction, between the Nizam's government and the House of Messrs. William Palmer and Co., I have been strongly impressed with the propriety and expediency of procuring fuller information on the subject, before we committed the government, by any approbation, either express or tacit, of the plan.

In the discussion of the question it has been suggested, that such an inquiry would be an undue interference with an independent government, which is free to conduct its internal administration according to its own discretion; that having, in the exercise of its independent powers, and for its own convenience and accommodation, entered into pecuniary arrangements with Messrs. William Palmer and Co., the British government have neither title nor motive to enquire into the transaction.

If I could admit the facts upon which that view of the subject is founded, I should still feel myself obliged to oppose the conclusion.

Admitting the Nizam's government was, with respect even to its internal administration, in the full exercise of an independent authority, *I should* still *have thought, that this government had a right to ask an account of any transaction between a native allied government and British subjects;* and I should have further thought, that this government had a clear and powerful motive for enquiry, *when it found British subjects in possession of assignments upon the revenue of a native prince, to the annual extent of thirty lacs of rupees.*

But I acknowledge I have fallen into great errors, if the Nizam's government be in the free exercise of its internal administration.

Should I have formed a conception, in any degree accurate, of the state of that wretched and distracted government and country, it is this:—The imbecility and perverseness of the reigning prince have compelled the British government, in effect, to set him aside, while the government is carried on

* Hyder. Pap.

with despotic authority by a minister, who is the creature of British influence, and wholly and entirely dependant on the British power.

The extract which I have annexed to this minute, from a despatch addressed by the Resident, in June, 1817, to Sir Thomas Hislop, will vouch for me, that I have not overcharged the picture.

The transaction out of which this discussion has arisen, affords, in itself, the fullest evidence of that state of things.

The following account by the Resident, extracted from the same despatch, of a part of the troops for which the arrangement is intended to secure funds, will shew, that there has not been much scruple in interfering with one branch of the Nizam's government, to wit, the organization and control of its military forces.

When the Resident described the Russell Brigade as belonging to the Nizam's government in name alone, he must have meant to speak of power, authority, control; all the privileges, in short, of a government over its own forces. The Resident knew that the charge of those troops falls upon the Nizam's government alone, and must be no inconsiderable burthen upon his exhausted and impoverished dominions.

The slightest attention to the Resident's reports will evince, that the arrangements concluded with the Nizam's government, for securing the pay of these troops, have been throughout the fruit of British influence; that the plan originated with Captain Sydenham, the British agent at Aurungabad, was first proposed to the minister by the Resident himself, and was evidently pressed in a manner not to be resisted. "That arrange-"ment," says the Resident, in his letter of the 28th April, 1819, "was first suggested by Captain G. Sydenham to Messrs. "Palmer and Co., proposed by them to me, and mentioned by "me to the minister. The discussions which took place upon "the subject of it between Messrs. Palmer and Co. were car-"ried on with my full knowledge, and the conclusion of the "arrangements had my entire concurrence, as I considered "that the punctual payment of the regular and reformed "troops was indispensable to their efficiency, and as I knew "that it could not be securely provided for by any other "means." In his first letter upon the subject, under date the 31st December, 1818, reporting the arrangement, the Resident, after observing upon the difficulties which had arisen in providing funds at Aurungabad, proceeded to state: "In conse-"quence of the repeated representations which I made to "Rajah Chundoo Loll on this subject, and the importance "which he saw I attached to it, as the very foundation of the "efficiency of the whole establishment, he entered into an

" arrangement with the House of Messrs. William Palmer and
" Co. of Hyderabad, by which they have engaged, on the
" security of orders to be granted on the revenue of certain
" districts in Berar, to provide the monthly sum of two lacs of
" rupees," &c. &c.

Upon the strength of these extracts, I feel myself entitled to assume, that with respect to these troops, at least, this government need not have been restrained by any apprehensions of an indiscreet or unwarranted interference in the concerns of the Nizam's government, from instituting any inquiry which might have been deemed expedient. In my judgment, the sole question could be, whether the government had sufficient grounds for interposing.

But that was a point on which I could not bring myself to doubt. *When the Resident had, with all the weight of the British influence, pressed an arrangement upon the native state, it appeared to me that he was bound by solemn obligations of duty*, to pay the most zealous attention to its interests, *to demonstrate, in a manner beyond all doubt or suspicion, that the measure had originated, and was prosecuted from no other motives than a disinterested regard for the welfare of that government.* In like manner I judged, that when the arrangement was reported to this government, we were bound, by obligations equally cogent, to satisfy ourselves that the Resident had fully and carefully performed that duty.

I must do the Resident the justice to observe, that he appears to have viewed the matter in the same light. He is far from holding up the arrangement as a spontaneous unbiassed act of the Nizam's government, into which he, as the British Resident, *had no right or motive to enquire.* He explains the following passage of his letter, dated the 28th April, 1819, that he sanctioned the measure, because he regarded it, under all the circumstances, to be advantageous; " as I considered
" that the punctual payment of the regular and reformed troops
" was indispensable to their efficiency, and as I knew that it
" could not be securely provided for by any other means.
" None of the native bankers at Hyderabad could have com-
" manded funds adequate for the purpose; and even if they
" could, their terms would have been much higher than those
" of the present arrangement." *Unfortunately, however, the information which the Resident has furnished is too imperfect to enable this government to form a satisfactory judgment on the merits of the arrangement, and is, in fact*, MORE CALCULATED TO EXCITE THAN RELIEVE ANXIETY.

The circumstance, that at a capital like Hyderabad, native bankers cannot be found possessing adequate funds to make an advance to the government of two lacs of rupees monthly,

secured upon the growing revenue of the country, and the consequent utter dependance of the Resident and the Nizam's government, for the payment of the troops, upon the only British house of agency established in the country, is in itself sufficiently *extraordinary and* ALARMING. *The terms which, upon common mercantile principles, a mercantile house possessing such an advantage over a government will demand, must be a natural* SUBJECT OF SOLICITUDE AND ENQUIRY. But the Resident has entirely failed to mention the terms; and in the communication of the house the same omission is apparent. *All the information we have from the Resident on that important point is, that if native bankers could have commanded funds, their terms would have been much higher than those of the British house.* We have *no means of knowing that those terms are not ruinous,* but the assurance only, that they are less than would have been extorted by native bankers.

It certainly did very forcibly strike me, that the duty of this government could not permit us to sanction a transaction of this nature, while we were left in such complete ignorance of all the particulars essential to a just appreciation of its merits, and *while all that did appear was calculated to awaken solicitude and doubt.*

With that impression, *I suggested* that the government should recur to the assistance of the accountant-general, whose experience in such matters would enable him to offer the government valuable suggestions on the bearing and tendency of the proposed plan, and in particular, to indicate any points on which further information might be requisite, in aiding the government to come to a right conclusion.

The accountant-general having in consequence been called upon, that officer, in a report recorded on our proceedings of the 4th September last, submitted his reasons for thinking the plan highly objectionable; and stated, that he was unable to discover from the correspondence *any necessity in the case in a financial point of view.*

The accountant, however, indicated some points for further inquiry as proper, with the view of enabling the government to arrive at a more satisfactory decision than was practicable with the information previously submitted. He suggested, that the house should be required to furnish figured statements, showing the sums paid by them in advance to the Nizam's government from time to time; the interest thereon charged and received by them, specifying dates; the tunkhas, or assignments, received and realized by them, specifying dates; the payments made to them in cash at Aurungabad, under the third article of their agreement; the discount and premium on different currencies admitted under the fifth article of the

agreement; the premium on bills admitted under the sixth article of the agreement.

The government acceded to the accountant-general's proposition, and the necessary call was made upon the Resident.

But no answer has been received from the Resident; and the government has now seen fit to cancel its former resolution, and to inform the Resident that the statements required, according to the accountant-general's suggestion, are no longer wanted; that the governor-general in council does not propose to take cognizance of the arrangement, further than to prevent any interference on the part of the British house or its native agents, in the collection of the revenues, or in any other branch of the management of the districts assigned under the agreement of the parties: for which purpose the Resident has been directed to interpose his influence and authority.

After the strong feeling upon the question which I have repeatedly expressed, and which, I fear, I urged upon the Board with too much importunity, it was to be anticipated that I should require some very important novel information, or some very powerful novel arguments, to effect a change of my opinion, and to bring me to acquiesce in the abandonment of that, which appeared to me the wise and prudent resolution of the government, to withhold its sanction from the arrangement until it had been thoroughly sifted.

There is before the government, no new information or reasoning upon the subject, other than is comprehended in a letter from Sir William Rumbold, one of the partners of the house, dated 7th October. But Sir William also attended the council in person, and entered into explanations on the subject of the arrangements.

No minute having been made of Sir William Rumbold's personal communications, they do not appear on the records of government: all I can say of them, therefore, is, that they did not, in my judgment, tend to shake, in the slightest degree, the public grounds on which the government had decided to call for more accurate information.

In Sir William Rumbold's letter, that requisition is taken up in an entire new light. It is represented as being injurious to the reputation and interests of the house. The objection is thus stated: "As mercantile men, we could not with propriety "furnish copies of our accounts with our constituents; such "a measure would be highly injurious to our affairs, and "destroy the confidence which the public repose in us."

I am sure that the board will recollect the surprize which that intimation excited when we first received it. We were quite at a loss to conceive in what manner the production of figured statements, comprising particulars of a pecuniary

arrangement concluded with the Nizam's minister, under the sanction of the Resident, for the public service of the Nizam's government, could be thought to involve a disclosure of the affairs of the constituents of the house, and a breach of private confidence. We had not imagined that, in speaking of their constituents, Sir William Rumbold could possibly have alluded to the Nizam's government.

In the reply of the government, of date the 19th of October last, Sir William Rumbold was accordingly reminded, that the house had not been called on to furnish the accounts of their constituents, but merely their account with the Nizam's government.

Sir William Rumbold, however, *when he attended the board, explained* that he had meant to include the Nizam's government among those constituents, whose accounts the house could not lay open to the government without an injurious breach of confidence.

I should be sorry to treat too lightly a representation from respectable individuals, professing to maintain their rights and interests; but I acknowledge, that antecedently I could not have brought myself to believe that such an objection would have been seriously urged.

The slightest attention to the circumstances in which the house stands, relatively to this government and to the Nizam's government, will, it appears to me, suffice to appreciate the validity of their plea.

The house of Messrs. William Palmer and Co. was established within the dominions of the Nizam, under the special sanction of the British government. They admit throughout the correspondence, that they could not conduct their mercantile concerns in that country a day, or an hour, without the protection of the British representative; and they state, that but for their reliance on that support, they could not have ventured to engage in the arrangements which form the present subject of our deliberations.

But further, the abuses experienced in pecuniary transactions between native states and British subjects have created so great a jealousy of all such concerns, that by an act of the legislature, the engaging in them, without the special licence of the Indian governments, has been constituted a criminal offence.

It is, therefore, by a special dispensation from the penalties of that statute, granted by this government, that the house of Messrs. William Palmer and Co. have been enabled to enter into any pecuniary transactions with the Nizam's government; and the instrument by which the dispensation was granted, comprehends a clear and distinct condition, that the house

should, at all times, when required so to do by the Resident at Hyderabad, for the time being, communicate to the Resident the nature and objects of their transactions with the government on the subject of the Nizam.

Sir William Rumbold has, in his letter, dwelt with some emphasis upon the willingness of the house to disclose to the Resident any part of their transactions with the minister. The faith due to constituents, then, was no impediment to any disclosures to the Resident: It is to be opposed only to the demand of this government for information! But are the house prepared seriously to urge, that, because the British representative at the court of Hyderabad was indicated to the house, as the person who was to exercise immediate control over their conduct, and to whom they were bound to communicate all their transactions with the native state, this government, therefore, meant to abdicate their right, and their duty of satisfying themselves that the control was duly exercised, or of requiring from the Resident, or the house, any information which might be deemed necessary to that end?

When the house of Messrs. William Palmer and Co. were applying to this government for the dispensation, they appeared fully sensible of the obligations which it implied. They were conscious that it was their duty to be prepared for the most thorough exposure of their concerns with the Nizam's government, not merely to the Resident, but, whenever required, to this government, whose representative the Resident is, and from which all his powers and authority, in this as in every other respect, are derived,

The following passage is copied from the memorial of the house, recorded on the proceedings of the government of the 23d July, 1816. "We entreat that your lordship in council "will, in pursuance of the power vested in you, exempt us "from any penalties which we might be subject to under the "act of parliament, provided that whatever transactions we "may have with the Nizam's government shall be such as "will be approved of by the British government. We conceive "ourselves to stand essentially wide of what was in the purpose of the legislature, though we now find it doubted, "whether the letter of the provision might not reach us. We "believe that the penalties we allude to were imposed by act "of parliament, with a view to prevent European subjects "from acquiring privately too much influence at native courts, "and from taking advantage of the necessities of native governments, to extort exorbitant interest from them. We "feel confident that our transactions cannot lead to either of "these objects, and that their immediate operation has no "taint of that quality; so that we are precisely in the situation

"which the act contemplated, in giving power to the governor-
"general in council to exempt from the penalties. Our
"transactions have always been open and public; and when-
"ever we have considered them as connected with the go-
"vernment, they have been directly with the minister, who
"possesses the confidence and support of the British govern-
"ment." The contrast of the language held by the house on the present occasion is remarkable. Having procured assignments on the Nizam's revenues, to the annual extent of thirty lacs of rupees, and having been called upon by this government to furnish statements, requisite to enable us to form a judgment upon the propriety of the arrangements connected with that assignment, the house have thought fit to reply, that their reputation and interests would suffer if they were to disclose the concerns of their constituents.

So far, therefore, as the opposition on the part of the house might influence the question, I am constrained, after the most careful reflection upon the facts and circumstances which I have detailed, to regard their objection as destitute of all reasonable foundation.

After all, and supposing, for the sake of argument, that the plea of the house could be admitted, I apprehend that there could not be the slightest difficulty in procuring the desired information through the Nizam's government. Attending to the general influence which the Resident possesses over the minister, and to the origin and attendant circumstances of the particular transaction, it would be unreasonable to imagine that Rajah Chundoo Loll could have any objection to furnishing any information respecting it, which the Resident, or this government, might desire.

It is always to be remembered, that the former resolution of the government, of which I am the feeble advocate, was not confined to inquiry, and pledged the government to no ulterior cause, and was quite consistent with the measure of permitting the arrangement to proceed, if ultimately deemed to be expedient. Yet the Board are aware, that I have never viewed the particular arrangement as an insulated transaction; but, in discussing the question, have submitted to their judgment considerations connected with the state of the Nizam's dominions, and the situation of the house of Hyderabad, which appeared to me of general importance. Throughout the correspondence, the house will be seen, as I have already stated, to weigh on their dependance upon the protection of the British Resident. In their letter of the 25th April, 1819, sent with the Resident's letter of the 29th of April following, they observe: "In a country where there are no regular courts of
"judicature, we never could have established an extensive

"mercantile concern, without the conviction that we should "receive from the Resident that support, which is essential to "the transactions of any British resident in this country; and "that we considered ourselves justified in looking for that "support, in consequence of the letters which the supreme "government was pleased to address to you on the subject of "our establishment." What may be the nature of the assistance which the Resident has afforded, is not particularly explained. But the misfortune is, that in the disorder and distractions of that unhappy country, it is too certain that there can be no equal justice. More or less than justice is the alternative. A single British house, which, through the irresistible influence of the British Resident, can always command justice, may be said to possess a monopoly of that precious article; and that monopoly must draw, in its train, a monopoly of the moneyed concerns and traffic of the country. The facts already before the government lead to the conclusion, that the house already enjoy a monopoly of the money-market at the capital. It is clear that none of the native bankers dare trust the Nizam's government; and if they have funds to lend, they are probably obliged to advance them through the agency of the house. We may observe, also, that the house is extending the system over the country. With the large assignments on the land revenue which they have obtained, they have connected the establishment of a bank at Aurungabad, and they contemplated a correspondence with Soucars at all the principal mercantile places. From the note on the ninth article of the Minute of Agreements annexed to the house's letter to the Resident of the 25th April, cited above, it will be remarked, that the house had already come into collision with certain Soucars who had pre-occupied the traffic of Berar, and with whom Rajah Govind Buksh, the Nizam's chief officer in that province, was supposed to be in participation, and that the house expected the support of the Nizam's government in this contest. Their concerns will thus pervade the whole country, with the same predominating influence which they possess at the capital. This is a state of things which I cannot regard without uneasiness. If present circumstances are adverse to attempting a reform of the dreadful abuses which exist in the administration of the Nizam's government, it is at least to be earnestly deprecated, that his highness's suffering subjects should see British subjects extensively engaged in the system, and largely profiting by its weakness and corruption.

I had, indeed, indulged in more propitious anticipations. I had cherished the hope, that by a more equable and benign exertion of our influence, we might extend the blessings of

order and justice to the whole country; that we might thus redeem the British government from the odium of tolerating, in dominions where our power and influence are confessedly uncontrollable, evils of mal-administration, which I believe to be as great as any that prevailed in the worst of the native governments, which it is the boast of our policy to have corrected.

I am very sensible of the difficulty of such reforms, when they are to be accomplished by the mere exertion of influence, and I am not over credulous to the sudden ameliorations often ascribed to that species of interposition; but I fear that, in the Nizam's dominions, the evil is too urgent to admit of choice. The Resident, at a former period, has declared, that the utter ruin of the country can be averted only by the direct assumption of it; and if we are not prepared to resort to that extremity, the attempt to correct the most prominent abuses by the exertion of our influence, seems to be the only practicable alternative.

(Signed) JAMES STUART.

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*Lord Hastings' minute.**

Uncertain whether I accurately conceive the object of Mr. Stuart, in recording his minute of this date, it is with some doubt that I comment on it. Imagining, however, that it addresses itself to a short remark which I lately made, in writing, relative to the transactions between the Hyderabad minister and the house of Palmer and Co., I feel that it would not be right to let Mr. Stuart's minute pass without attention, though what I can say will be little more than amplification of what I have already stated.

On the inherent right of this government to take cognizance of any conduct in its subjects which may affect the interests of the Honourable Company, no man can entertain a doubt: it is only on the mode of exercising that right, as referable to equity or expedience, that there can be a question. Before I examine how that consideration bears on the present subject, I must be allowed a preliminary observation.

Mr. Stuart indulges in lamentation on the disastrous condition of the Nizam's government. I not only join in that lamentation (though possibly with a more measured contemplation of the circumstances), but I have preceded him with

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* Hyder. Pap. p. 30, 31, 32, 33, 34.

expression of regret. I further concur with Mr. Stuart, that much of the disorder might perhaps be justly ascribed to the nature of our interference. This I have before professed, declaring my solicitude to correct that evil. The sincerity of such an inclination, on my part, will be credited, if advertence be given to my having actually restricted the Resident at Lucknow from meddling, in any ordinary instance, with the internal government of Oude; a policy, the results of which have been sufficiently encouraging, to recommend its adoption in any parallel case. But I have stated distinctly, that there are peculiarities respecting the government of Hyderabad, which entirely, for the present, preclude the applicability of this system. Mr. Stuart does not attempt to show that this opinion is erroneous, yet he launches out into an expatiation which seems altogether inapposite, if it does not mean to impeach this government for suffering the continuance of an abuse corrigible at its pleasure.

The abuse is not corrigible at our pleasure. The obstacle exists in the personal character of the reigning prince. A constitutional irregularity of mind, approaching to derangement, and an evinced propensity to yield himself to the wild councils of the ignorant, profligate parasites about him, make it quite certain, that were the existing control over him suddenly withdrawn, his country would soon fall into convulsion. This is so clearly seen by others as well as by me, that I am much misinformed if the government of Fort St. George have not disclosed the sentiment, how far more advisable it would be for the Resident not to assist the Nizam's government, but let it come to an otherwise inevitable dissolution, whence considerable benefit might be attained by that presidency. Differing widely as to the advantages of such an event, I must uphold the state of Hyderabad, by such means as are practicably capable of being directed to the purpose, though they be not of the exact fashion I should desire, and, in this, I believe myself to consult essential justice, not less than the interests of our honourable employers.

The establishment of the reformed troops in the Nizam's service is noticed by Mr. Stuart, in a manner which appears to imply a disapprobation of the plan. It is perfectly true, that those troops are, in fact, more ours than those of the sovereign by whom they are maintained. Although paid by the Nizam, and nominally appertaining to his highness, their habit of receiving their stipend through us, and of being commanded by British officers, leave room for the expectation, that in any rupture between the states, they would side with us against their ostensible master. Now, would it be consonant to wisdom, or to the trust reposed in us by the Honourable Com-

pany, that we should sacrifice such a security to a casuistical point of equity? I call the point casuistical, because it is wholly gratuitous to represent the arrangement as being imposed on the Nizam against his secret wishes, there never having been the slightest indication of a sentiment adverse to the measure on his part: therefore, the acting upon it would be palpably to act upon an abstract conception. The establishment has gradually grown to its present size, and linked itself with us, not from any antecedent project, but from the course of events. A force, of a quality more operative than the irregular troops of the Nizam, was wanted to reduce to obedience the refractory Zemindars. A disciplined body, under British officers, was tried; its superiority for all purposes was experienced, when the Pindarries ravaged the Nizam's dominions in contempt of his ordinary troops. Necessity urged the extending the amount of an efficient soldiery to its present scale. The direct object and immediate advantages were for the Nizam: that a collateral benefit arises from it to us, does not vitiate the quality of the plan. The interests of the two states are identified by alliance, and it cannot be a legitimate reason for the condemnation of a plan, that while the welfare of the Nizam is promoted, a convenience accrues to us.

Should it be admitted as impolitic to let an over refinement cause our open abrogation of such an unexpensive addition to our strength, it would hardly be deemed less so, were we willingly to assent to its extinction for want of support. To this Mr. Stuart (I speak from the tenor of his reasoning) would agree, and would state his objection to be, that the support required was to be on terms injurious to the Nizam, when less onerous conditions might have been elsewhere obtained than from the house of Palmer and Co. In the first place, I beg leave to say, the argument, that the terms with the house of Palmer and Co. are in themselves pregnant with embarrassment to the Nizam's government, is an assumption, for which no colour has been adduced. In the second place, the Resident has, in the most distinct language, informed us, that the Nizam's ministers could not obtain such easy terms in any other quarter with the smallest security that the engagement would not fail, and the troops be left without their pay. In the first position Mr. Stuart would reply, that the assumption was not his, but that of the Accountant-general. *When it was originally proposed to make a reference to the Accountant-general, I did not exactly perceive the fitness of the step; but as I could not foresee inconvenience, I would not dissent. I now feel my error; I find that we have unfairly betrayed the Accountant-general beyond his depth.* On every thing relating to his branch of business, the known good sense, as well as the official accu-

racy of that gentleman, must give his conclusion important weight; but *that the council should implicitly refer to the Accountant-General as a political oracle, would be rather an extravagant abandonment of our judgments and our duties. He states, that he must suppose Shroffs could be found at Hyderabad capable of supplying the Nizam with the funds required. In a case where the mutiny of the troops is the expected consequence of delay in decision, or of subsequent unpunctuality in payment, I cannot suffer the loose* SUPPOSITION *of any man to stand in the balance against the unequivocal assertion of a public functionary bound by his honour, and by the obligations of his station, to represent conscientiously that which he cannot but know positively.*

A consideration occurs here which perplexes me. The Accountant-general reasons on the terms of Palmer and Co., therefore he was acquainted with them: Mr. Stuart argues about them as if they were concealed. His not being intimately apprized of them rests with himself. When Sir William Rumbold was called before the council, he explained, that the supplication of the house for government's dispensing with the delivery of a copy of the accounts had this sole motive: — the accounts once put on the proceedings of council must be transmitted home, so that the transactions of the house would be subjected, in London, to the inspection of persons liable to form all kind of false deductions, from total ignorance of the habits of the country, and of every concomitant particular. *At the same time, he offered to explain every part of the transactions verbally, on oath, to the council. He further proposed to wait upon Mr. Stuart at his own house, and there submit the accounts to his examination.* The validity of the objection to producing the accounts in council struck me immediately; and, I believe, was similarly felt by two other members. That we did not question Sir William Rumbold minutely on particulars, arose, I apprehend (I know it was so with me), from our being already in full possession of them. After this proffer of Sir William Rumbold's to furnish information in any manner that would not put the accounts on the records of council, it is somewhat hard to treat the house as if it studiously kept back from our view the quality of the transaction in which it was engaged.

The license granted to the house of Palmer and Co., to deal with the Nizam's ministers, was founded on the experienced inability, or fear of the Shroffs, to render the necessary aid to the administration: those very Shroffs who are now, in the teeth of that fact, supposed by the Accountant-general to be competent for the supply of all the government's wants. No imputation was till now ever attached on any transaction of the house: on the other hand, I believe it to be well understood, that but for the occasional assistance derived from that

house, the Nizam's government could not have been kept above water. Surely it would be unequitable to hold forth such an establishment as likely to add to the anguish of a suffering people, when its operation hitherto has been to ward off general confusion in the state, with all the violence to which the industrious part of the community is invariably subjected, when military commotion takes place in India. Surmises of the nature lately agitated ought not to remain afloat. Obscure rumours against a mercantile establishment must be deeply injurious to its credit, especially when those implied doubts of its conduct appear to come from this government. I thence feel bound to declare my opinion definitively, that there is no colour, from any thing which has come within my view, for the slightest imputation on the house of Palmer and Co. The terms of the arrangement are undoubtedly heavy for the Nizam; but if he will not himself supply from his private treasure (confessedly very large) the funds for paying his troops, and if the minister cannot elsewhere obtain money, unless on still more burthensome conditions, there is only the alternative of acquiescing in those terms, or of suffering the troops to disband themselves and plunder the country. That the Shroffs might have been induced to advance money at a an easier rate (though the rate in question is the ordinary scale of accommodation to native princes throughout India) upon the security of similar assignments on particular districts, is a presumption, contradictory not only to the direct assertion of the Resident, but to probability. What trust can a Shroff place in an assignment, when the native government, after having received the loan, can at pleasure annul the security. It is what has repeatedly happened. Asaph-oo Dowlah's extinction of assignments, to vast amount, is in the memory of every one. Mr. Stuart seems to think that the hazard might have been precluded, by the Resident's pledging the intervention of this government to maintain the security inviolate. This entanglement of ourselves in the Nizam's pecuniary concerns, is what we have been most studiously, and, in my judgment, most prudently, avoiding. It is inferred, however, that this pledge does internally exist, respecting the engagement with Palmer and Co. The conception is erroneous. The Resident and the house reciprocally deny the existence of any such understanding. Messrs. Palmer and Co. frankly acknowledge, that they could not have entered into the agreement with the minister, were they not confident that their being British subjects would prevent a laxity towards them, which would be exercised with little hesitation towards a native creditor. This reliance on an indefinite degree of protection, differs essentially from an obligation binding us to interference,

although it might be in circumstances such as would render it most objectionable. There is much misapprehension, I conceive, in regarding Chundoo Loll as the obsequious creature of the Resident: a misapprehension whence an accurate conclusion is liable to be drawn, that the improvidence supposed to exist in the management of the Nizam's affairs may strictly be laid to the Resident's charge. From all that I have heard of Chundoo Loll, I entertain no notion of there being any tincture of servile dependance in his co-operation. Though deemed not a bold man, he is uniformly represented as of considerable ability, of great readiness in the dispatch of affairs, and of steadfast integrity. He has embarked his fortune with ours; but has been, as appears to me, from his conviction, that the British government is honest in its view of supporting the Nizam's sovereignty. In that persuasion, he usually adopts with cheerfulness the outline of policy suggested by those, whose more extensive knowledge is likely to furnish a sounder opinion than his own: at the same time, he seems to reserve all details to himself, from the confidence that his habitual intimacy with them must make him more competent than the Resident to judge upon such particulars. With such disposition, and the strong sense of duty professed by him towards the Nizam, Chundoo Loll cannot well be contemplated as pliable, in countenancing agreements injurious to his master's interests, even were Mr. Russell capable of endeavouring so to influence him. The character of that minister, therefore, concurs with every fact which inquiry has brought forth, to satisfy me, that in the transaction under review he acted on his own judgment, and as expediently as the unfavourable situation of the Nizam's affairs would allow. It follows, from this rejection of the suspicion of the engagements having been imposed upon him, that he is entitled to belief, when he asserts the advantage of the terms concluded with Messrs. Palmer and Co., beyond what he could obtain in any other quarter. If that belief be conceded, a charge of extortion cannot rest upon a house which has furnished aid on conditions the lightest offered, in a case where acknowledged risk increased the usual high demand for interest in a native state. I am sensible that I have been diffuse in my treatment of this subject. An uneasy consciousness has been the cause of the prolixity. I unadvisedly slid into a procedure, which I am now aware was oppressive towards any commercial firm, possibly grievously hurtful to the one in question; and the only reparation I can make, is the showing fully my reasons for exonerating the house from all suspicion, and for revoking my concurrence to putting its accounts on record.

Fort William, (Signed) HASTINGS.
10th Nov. 1819.

This minute of Mr. Stuart is too remarkable to be passed over without comment. Nothing but the existence of prejudice of the strongest character can account for his frivolous and cavilling objections, the exhibition of apparent ignorance on the commonest matters of every day occurrence in commercial transactions, and the undisguised expression of his unwarrantable suspicions of Mr. Russell's integrity. The Resident had distinctly reported, that the regular payment of the troops was an important object of British policy, and that he had repeatedly urged it upon the minister. That Captain Sydenham had originated and pressed on Messrs. Palmer and Co. the undertaking of these payments. That Messrs. Palmer and Co. mentioned to him the plan, and that he communicated it to the minister. That he (Mr. Russell) knew that the object could not be attained by any other means, than through the house, and further, that had it been practicable, it could not have been done on so favorable terms for the Nizam. The terms were such, that Messrs. Palmer and Co. were induced to undertake the payment, more with a view to recommend themselves to the British government, than to their own profit, and Mr. Russell reported, (Hyder. Pap. p. 21.) that "When Rajah Gavind "Buksh expressed a wish to have the payment of his "troops restored to him, the house offered at once to give "it up to him." But the minister, fearing fresh irregularity, would not consent. Here then was it distinctly stated:—

1st. That the object was paramount and purely British.

2nd. That Captain Sydenham suggested the plan, and not Mr. Russell, nor Messrs. Palmer and Co., nor Chundoo Loll.

3rd. That Mr. Russell knew it could be attained by no other means, and that both the conduct and completion of the arrangement had received his full concurrence. He had further stated that the guarantee of the British go-

vernment had in no respect been given to the house; and that the house had never interfered in the collection of the revenues of the districts, over which they held assignments.

With all this before him, Mr. Stuart states that the information furnished by the Resident, is "*more calculated* "*to excite than to relieve anxiety.*" That, while the full details of the accounts of the house with the minister were not before the council, "*all that did appear was calculated* "*to awaken solicitude and doubt.*"

"*That the circumstance of the native bankers not being* "*able to make the advances to the government, and the con-* "*sequent utter dependance of the resident and the Nizam,* "*for the regular troops, on the British house of agency, was* "*sufficiently extraordinary and alarming.*

"*That the terms on which a house possessing such ad-* "*vantages over a government will demand, was a natural* "*subject of solicitude and inquiry.*

"*That although Mr. Russell assured them the terms were* "*more favourable than could have been obtained from native* "*bankers, they do not know that the terms are not ruinous.* "*And that he considers Mr. Russell bound, by solemn obli-* "*gations of duty, to remonstrate in a manner beyond all* "*doubt and suspicion, that the measure had originated and* "*was prosecuted from no other motives than a disinterested* "*regard for the welfare of that government.*"

It is remarkable, that Mr. Stuart confines himself to the expression of his *alarm and his solicitude*, and *his doubt* and *his uneasiness.* The ignorance displayed in his astonishment that natives would not lend their money to such a native government, and his alarm at the consequent importance of the British house, if sincere, may be pitied and pardoned; but his insinuations and expressed suspicions of Mr. Russell, in calling upon him to prove the *negative* of *corrupt motives* for the origin and conduct of the transaction, in the face of the information and state-

ments before him, affect no less his public character than that of his understanding. Well does the whole of this minute sustain Lord Hastings' charge against Mr. Stuart, "that he exhibited nothing but an indefinite discontent "at his lordship's administration, in default of any intelli-"gible objections." In the commencement of his minute, Mr. Stuart records his astonishment, that the native bankers will not lend their money to the Nizam's government, with a view to insinuate his disbelief of the fact; and in the latter part of it, he says, it is "*clear that the native* "*bankers in a country, where there is no equal justice, dare* "*not trust the Nizam's government.*"

He then complains that a British house of business, which, through the influence of the Resident, can command justice, may be said to possess a *monopoly of that precious article; and that monopoly must draw in its train a monopoly of the moneyed concerns and traffic of the country; and that the house already enjoys a monopoly of the money market in the capital; for the native bankers, if they have funds to lend, prefer advancing them through the agency of the house.* He then strangely avows his jealousy of the house on this account, not appearing to comprehend the transcendent benefit to the Nizam's government, from transacting its business on lower terms, in consequence of its observing good faith in its transactions with the house, owing to the minister's deference to the British government. They had corrected that evil which * Mr. Russell had stated to be "the sole and entire cause of the difficulties of the "Nizam's government," by creating and establishing, for the native government, a public credit.

Can it be believed, that a man in his senses would have made it a matter of regret, either as a friend to the Nizam's government, or as a friend to justice, that a British house of agency should be enabled, in consequence of being

* Hyder. Pap. p. 92.

pretty sure of obtaining bare justice, to supersede the ruinous terms on which the natives, owing to their not being able to act on a similar reliance, were compelled to deal? This is to be jealous of the influence which is acquired by moderation and fair dealing. In point of fact, the house did change altogether the rate of usance at Hyderabad, reducing it to nearly one half of what it had previously been. This was at once a benefit to the whole country, and of infinite importance to the minister.

The imbecility of this minute is reconcileable only with the existence of the strongest prejudice, which was capable of obscuring a very ordinary understanding. Mr. Stuart distinctly states, that he has not viewed the arrangement, but as in connection with the *more important question*, viz. the weight of the house at Hyderabad; a remarkable instance of the notorious and petty jealousy of the civil servant.

Two folio pages are occupied by Mr. Stuart in cavilling comments upon Sir William Rumbold's letter, wherein he objects, as a mercantile man, to be liable to be called upon for the disclosure of the accounts of his constituents, of whom the Nizam's minister was one. But he carefully abstains from noticing the further and stronger reasons which, as appears from Lord Hastings' minute, Sir William Rumbold gave in person at the council board, and which influenced Lord Hastings, Mr. Adam, and Mr. Dowdeswell in their decision, to abstain from having the accounts produced; viz. *that he objected to their accounts being unnecessarily made matter of record, and to be transmitted to England, where they would be likely to be* (as it turned out they have been) *misapprehended from ignorance of local circumstances, rate of interest, &c.* He likewise, when complaining of want of information, and of the accounts not being before the council, omits all reference to the fact, stated in Lord Hastings' foregoing minute, that Sir William Rumbold was ready to give to the council

any information* verbally on oath, and to wait upon Mr. Stuart at his own house and explain the accounts. Had Sir William Rumbold been permitted to have so done, Mr. Stuart would have been unable to have left on record expressions of his marvellous anxiety and alarm, and doubt and solicitude, by making it appear as a matter of complaint that the house was unwilling to afford information to the council. The rest of his minute consists of a rambling and unmeaning lament on the state of the Nizam's country, which is totally misplaced, and unintelligible, for any purpose but that of recommending by inference a direct assumption of the internal administration of the country, which, however, before he closes his minute, he declares to be an inadmissible alternative.

The sanction given to the Aurungabad arrangement was communicated to the Court of Directors in a despatch of 21st October, 1820.

On the 24th May, 1820, *eight months* after the foregoing discussions had taken place in the council at Calcutta, the following letter from the Court of Directors, with the signatures which are attached to it, was despatched to Bengal.

1. Our last letter to you in this department was dated 15th December last.

2. In paragraphs 284 to 287 of your letter from this department, dated the 3d January 1817, you have drawn our attention to an application from Messrs. William Palmer and Co., British merchants at Hyderabad, and to the proceeding, on your part, to which it gave rise.

3. This communication we deem of sufficient importance to make it the subject of a separate despatch.

4. In the 79th paragraph of our political despatch to Fort St. George, dated 20th November 1816, we stated that we were not aware of any objection to the countenance which you had, in the year 1814, authorized the Resident at Hyderabad to afford to a British commercial establishment at that capital.

5. In thus expressing ourselves, we presumed that the objects

* Hyd. Pap. p. 6.

of Messrs. Palmer and Co. were completely consistent with both the enactments of the legislature, and with those views of policy to which we have been accustomed to require conformity on the part of our Indian governments.

6. It appears, however, from the memorial addressed to you by that firm on the 27th June 1816, which constituted the ground of your proceeding, that besides their business as merchants, they had large pecuniary dealings with the government of his highness the Nizam, which, as you state, would subject them to the penalties enacted by the 37th Geo. III. cap. 142. sec. 28. unless, by an exercise of the power vested in you by that act, you gave your consent and approbation to their engaging in such tranactions. And you inform us, that, at the request of these gentlemen, you had granted your permission to their performing the several acts from which, without that permission, they would have been restrained, with no other reservation than that it should be at the discretion of the Resident at Hyderabad, for the time being, to satisfy himself regarding the nature and objects of the transactions in which Messrs. Palmer and Co. might engage.

7. We have to observe, in the first place, that the power which you have thus thought fit to exercise, could not have been granted by the legislature, in contemplation of such an use as you have made of it.

8. It was obviously intended for the purpose of meeting extraordinary exigencies, not of generally licensing an illegal traffic; and *we have great doubts* whether such a license as you have given (a general license, without a special case of necessity, and without limit) would be held to be legal, and would be found effectual for the protection of Messrs. Palmer and Co. against any prosecution under the act.

9. But waving this discussion, we desire to be informed whether the Resident has availed himself of the power reserved to him, by acquainting himself constantly and thoroughly *with the nature* of the pecuniary transactions of that house with the Nizam's government; and, in the next place, whether he has reported to you respecting them. In the event of his having done so, you will not fail to *transmit the report* for our information.

10. After the experience which we have had, both in Oude and in the Carnatic, of the dreadful abuses which resulted from the pecuniary dealings of British subjects with native princes, and the jealousy manifested by the legislature of all such transactions, *we can by no means approve of the indulgence which you have extended to Messrs. Palmer and Co.; and we* positively direct, that the instrument by which that indulgence was conveyed, may be, immediately upon the receipt of this

despatch, revoked and cancelled, and that the countenance of our governments may be strictly confined to those objects of a commercial nature, which they professed originally to have in view.

11. You will understand this order as peremptory; and the execution of it must not be delayed, for the purpose of a reference to us, or on any ground whatever.

12. We think it necessary to add, that if any discussion shall at any time arise between the Nizam's government and the house of Messrs. Palmer and Co., respecting any pecuniary transactions which may have taken place between them, you are hereby positively prohibited from interposing, in any way whatever, the name, authority, influence, or good offices of any sort of the British government, for the furtherance of any demand which these gentlemen may bring forward.

13. Since the preceding paragraphs were written, it has been suggested to us that Mr. Palmer, whose name is first in the firm of the house to which you have given the permission in question, is a native of India, but that there are other partners who are Europeans. We desire to be informed of the names of all the partners of the house to which your license has been granted; and we direct that if, on any future occasion, you should find it necessary to grant a license to lend money, not only the sum to be lent, but the names of all the persons to whom the license extends, may be distinctly specified in the license, and a copy of every such license, with a statement of your reasons for granting it, be transmitted to us by the earliest opportunity.

14. We desire that the receipt of the present despatch may be immediately and separately acknowledged.

We are, &c.

Signed by Sir G. A. Robinson, Chairman.
Sir T. Reid, Deputy Chairman.
J. Bosanquet.
Jos. Cotton.
W. T. Money.
J. Morris.
W. S. Clarke.
R. C. Plowden.
Geo. Raikes.
R. Campbell.
S. A. Allen.
E. Parry.
C. Grant.
W. Wigram.
S. Toone.
Sir D. Scott.

It is to be observed, that the foregoing despatch is stated to have been written on the 24th May, 1820, for the especial purpose of replying to three paragraphs of a letter, written three years and four months prior to that date; the matter contained in those paragraphs "*is deemed of sufficient importance to become the subject of a separate despatch.*"

The Directors refer to no communication whatever on the subject, as having been received, subsequent to the letter of the 3d January, 1817; nor does it appear that any such communication had been made or called for.

The tone of this letter exhibits a state of feeling which it was evidently not thought worth while to suppress or to disguise; for it were harsh to suppose that this is the ordinary tone, and this the usual language, in which the gentlemen of the Direction are in the habit of addressing the constituted authorities in India.

The sixth, seventh, and eighth paragraphs convey the expression of a doubt, as to the legality of the construction of the 37th Geo. 3., under which the Bengal council, on the authority of their Advocate-general, unanimously exercised the discretion vested in them. It is a bare doubt, loosely hazarded, and arbitrarily enforced, but it is not sustained by the exhibition of the shadow of a reason.

In the ninth paragraph a demand is made to know, if the Resident have discharged his duty, by making himself acquainted with the nature and objects of the transactions of the House; and a call is made for any reports he may have transmitted to the government thereupon. As the Court knew, both from the terms of the license, and from the instructions given to the Resident, that he was only called upon to interfere with the transactions of the House, if he saw occasion to be dissatisfied with their nature and object, the natural conclusion should have been, that, in the absence of all reports, no opportunity for objections had occurred.

The suspicion and imputation of neglect, at least on the part of the Resident, if not of the Governor-general in council, thus suddenly evinced and conveyed by the peremptory tone and terms of this requisition, after an interval of above three years' silence, would have been at all times unbecoming and ungracious; but when united with other circumstances attending this despatch, is not unworthy of particular remark. If the Court, indeed, fully believed upon sufficient evidence, that the Resident had been a traitor to his duty, and that the Governor-general in council had been conniving at the treason, both the time and the tone of the letter become perfectly intelligible. But whence the cause for such a suspicion? It does not appear that any information whatever on the subject of the license, or of its effects, had reached the Court since the Bengal letter of the 3d January, 1817.

The 10th paragraph would encourage the belief, that their intemperate jealousy and displeasure had been suddenly roused, by the recollection of the evils which had grown out of the unrestrained pecuniary dealings between British subjects and native princes in Oude and in the Carnatic. But those dealings preceded, led to, and were remedied by the very act which authorized the same dealings, under a license from the hand and seal of either of the governors of the three presidencies. The cases are, therefore, totally and entirely dissimilar; and the striking dissimilarity leaves the reference to Oude and the Carnatic, rather in the light of a pretence, than a motive for the displeasure expressed.

Pecuniary dealings between Europeans and native princes had unquestionably, when unrestrained by any check or controul, frequently interfered with objects of British policy. The pecuniary and commercial dealings were not in themselves an evil; but were only objectionable as entailing other evils in their train. The legislature in forbidding them when uncontrouled, distinctly laid down the

principle of their possible utility and advantage when under controul; and for that reason it placed a discretionary power to license them under proper superintendance, no only in the hands of the Governor-general of Bengal, but in each of the governors of the two other presidencies.

Referring, however, to Oude and the Carnatic as the sole grounds for their disapproval, they peremptorily order the recall of the license, which they are pleased to designate "*the indulgence which the council had extended to* "*Messrs. William Palmer and Co.*"

By these words they would intimate their belief that the motive of the council, for having granted the license, had been to further the private objects of a house of business, and to stamp their utter disbelief on the recorded motives of state policy, which had been announced as the sole grounds for its grant, in the letter to which they were replying. The words of that letter were as follow.

" * *Having previously consulted with our Advocate General,* " *and being satisfied that the interests both of the* " *dominions of the Nizam, and of the honourable Company,* " *would be promoted by the success and security of the commercial* " *and pecuniary transactions, as explained by Messrs.* " *Palmer and Co., we complied with their application.*"

Not satisfied with the unfounded imputation thus cast upon the Bengal government, by the peremptory terms of their orders, the court would seem gratuitously and offensively to anticipate an evasion or disobedience to them, and follow up, therefore, their 10th paragraph with these words, "You will understand this order as peremptory; " and the execution of it must not be delayed for the purpose " of a reference to us, or any ground whatever."

When it is recollected that these absolute gentlemen are at a distance from their officers and from their empire, which requires half a year to convey a single communication

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* Hyder. Pap. p. 1.

of their decrees, these terms will appear little consistent with the discretion becoming men, whom the accidents of human affairs have placed in the situation to be able thus to exhibit themselves to their fellow men. Omniscience is the only attribute that could justify a similar course of procedure. It is clearly inconsistent with the limited nature of human faculties; no wonder that it has been at once a standing jest and complaint of the governors general of India, that they are habitually and peremptorily commanded to perform impossibilities.

> " Why, man, *they do* bestride the narrow world
> Like a Colossus."

In the absence of all statement of the grounds for their determination transmitted, it was not to be expected they would condescend to account for the rude and intemperate manner of expressing their impatience for its being carried into effect. But it might have been expected they would, these gods on earth! from motives of self respect, have recorded some explanation of the strange inconsistency between their present haste, and their three years' previous silence and delay. So much for the tone and terms of this first of the printed despatches of the Court of Directors, as meant to affect the governor general in council and Mr. Russell; a most edifying exhibition, truly, for the secretaries and official underlings in the government house at Calcutta; at once teaching them obedience and respect to the authorities there, and filling them with an awful admiration of the thunderers at home.

But come we now to the 12th paragraph.

" We think it necessary to add, that if any discussion " shall at any time arise between the Nizam's government " and the house of Messrs. Palmer and Co. respecting any " pecuniary transactions which may have taken place " between them, you are hereby positively prohibited from " interposing in any way whatever, the name, authority,

" influence, or good offices of any sort of the British go-
" vernment for the furtherance of any demand which those
" gentlemen may bring forward."

In what language shall the heartless and wanton injustice of the orders conveyed in the above paragraph be characterized?

The reason given by the wolf for destroying the lamb is not less consonant with sense, reason, and the principles of common honesty, than the motive for the issue of these directions.

Even if the council had erred, the house was in no way to blame. No charge of misconduct on their part had been even hinted at; yet their utter ruin and destruction was thus deliberately contemplated, and carefully provided for. The very suddenness of the recall of the licence, the court appears to have keenly perceived, must be fatal, to the confidence of their constituents and the security of their transactions.

Their prospects were to be doomed to certain destruction. It necessarily occurred to the court, that having entered into pecuniary engagements with the native government, with the full knowledge and under the sanction of the governor-general in council, the house would be entitled to claim, at least, the protection and good offices of the British government, for the payment of any just claims which would be brought into jeopardy solely by he suddenness of the recall of the license: such a claim, indeed, would and must have been irresistible in the breast of every honest man. But the court eagerly provided against such an appeal. Their ukase was to bear unqualified and irrevocable ruin in its train. Not only was the ship to be sunk, but not a plank or a hand was to be held forth to save any portion of the cargo, or the lives of the struggling crew. A more barbarous decree never issued from the Spanish council of the Indies, or of the holy inquisition.

Consistently proceeding *qualis ab incepto*, they conclude by commanding that this their memorable despatch may be answered, as it was written, unconnected with any other subject. Unfit, indeed, was it to be blended with any other subject; and long will it remain a signal, though not a single proof, to be found amongst these records, of the extravagant folly and cruelty to which irresponsible power will conduct the weakness of our nature. But shall we then be satisfied with merely execrating, without attempting some explanation of this unjustifiable proceeding? Is there no way in which it can be accounted for? It has been above noticed, that about *eight months* preceding the composition of this despatch, (*six months* being the usual time for the conveyance of a letter from Bengal to this country,) a newly introduced member of the government at Calcutta had been exposed in full council, as having slandered Mr. Russell: the same gentleman is described, indeed, by Lord Hastings as being "*thoroughly* "*honorable, but being too prone to listen to defamatory* "*whispers.*"

It is possible that the same gentleman who thought proper to spread his injurious and unfounded suspicions regarding Mr. Russell about Calcutta, may have thought himself equally justified in communicating them to his correspondents at home. It is matter of universal report that Mr. Stewart was in the habit of corresponding with a leading and most influential director of the time, who had been openly hostile to Lord Hastings' original appointment, and to the policy his lordship was known to pursue. But whether Mr. Stuart did or did not communicate his injurious suspicions of Mr. Russell to his correspondent; or whether some person to whom Mr. Stuart may have confided them in Calcutta, was the channel through whom they were received and adopted at the East India House; it is to the writer of these remarks as clear as the

sun at noon day, that these unworthy calumnies had been communicated, had *there* received a ready belief, and were the real foundation of the foregoing letter. The belief in the foul conspiracy, slanderously alleged to have been formed between Lord Hastings, Mr. Russell, and the house of Palmer and Co., will alone account for the tone, and the terms and the orders of the despatch in question; no other theory can render it intelligible. The circumstantial evidence in this, as in most cases, is of a nature that convinces more fully than any direct proof. Can an intelligible explanation be given of it in any other manner?

It is scarcely necessary to advert to the destructive effects of this despatch in the country to which it was sent. The authors and the ready believers of the calumnies found that their poison had successfully tainted the very sources of power and of patronage, and that they might safely persist in their career of calumny. The disgusting detail of the subsequent events; the history of wilful misrepresentation and malicious persecution, will only serve to confirm the importance here attached to the above instrument, as being the substantial cause and encouragement for all the abuse of power that followed.

On the 19th May, 1820, Mr. Russell transmitted in the following letter, together with its enclosures, his recommendation of the Government's sanction to a loan from Messrs. W. Palmer and Co. to the minister.

To C. T. Metcalf, Esq., Secretary to the Government.*

Sir,

I request that you will do me the honour to lay before his Excellency the most noble the Governor-general, the enclosed translation of a letter from Rajah Chundoo Loll, containing a correspondence which he has had with Messrs. William Palmer and Co., regarding the negociation of a loan to the Nizam's

* Hyd. Pap. p. 38.

government, which the Rajah wishes to apply, in prosecution of his measures of reform, to the purposes, 1st. of reducing unnecessary establishments; 2d. making advances for the improvement of the country; 3d. relieving the revenue from the heavy assignments which have been granted as security for some debts; 4th. and discharging others which stand at a high rate of interest.

As Messrs. Palmer and Co., in their answer to the minister's proposal, state that they cannot enter into the arrangement without the knowledge and sanction of the Resident, I called on them to explain the nature and extent of the sanction they require. I have the honour to enclose a copy of their answer.

It will be extremely *difficult* for the minister to prosecute his measures of reform with any real effect, unless he can obtain the command of a *sum of ready money*, for the purposes described by him; *and he certainly cannot obtain it by any other means than the assistance of Messrs. William Palmer and Co., whose circumstances enable* them to secure a *combination of the native monied interest.* I therefore beg leave to submit the minister's request to the favourable consideration of government.

The reduction of establishments, to the annual extent of twenty-five lacs of rupees, which the minister is making, though certainly not so large as the situation of the Nizam's government will admit, is still a great deal for the first attempt; and it is my intention, therefore, not to press him with any importunity for other reductions, until he has accomplished the one in which he is now engaged.

The minister's agreement to consult the Resident on the appointment or removal of Talookdars, is very important as a general principle, independently of its application to the particular case which forms the subject of the accompanying correspondence. There is, perhaps, no one instance, in which the influence of the Resident can be more beneficially exerted, than in procuring the appointment of respectable men to the management of the country, and preventing their removal when they have brought their districts into so flourishing a condition, as either to tempt the government to raise their rents, or encourage other persons to make higher offers for their appointments.

I have, &c.

(Signed) H. Russell,
Resident.

Hyderabad,
19th of May, 1820.

Translation of a Note from Rajah Chundoo Loll to the Resident.

At this time being desirous of reducing the expences of the government, so as to make the revenue correspond with the disbursements, and of improving the state of the country, I require the command of a considerable sum of money: *First, for the purpose of discharging* the arrears due to the establishments which I am reducing, as well as those which must be maintained; *Secondly, for advancing tuckavie* to the Ryots, with the view of restoring the condition of such districts as have fallen into bad order, whether owing to famine, the ravages of war, or the poverty of the people, which has prevented them from repairing tanks, and of enabling them to bring waste land into cultivation, which will require new tanks and more cattle; *thirdly, for repaying the debts* which have been incurred to *Soucars and others*, on account of the expences of the war, *many of which stand at a high rate of interest; fourthly, to relieve me from the necessity of imposing the heavy assignments on the country*, which I have hitherto been obliged to grant, to cover such debts as have unavoidably been incurred, and which being a forestalment of the revenue has, by obliging me to require advances from the Talookdars, in some degree weakened my authority over them, and afforded them pretences of oppression and exaction in their districts. I have, therefore, applied to Messrs. William Palmer and Co., whose assistance was necessary to enable me to carry on the affairs of the government, *and who have always shown themselves anxious to save me from extortion, and who, having the confidence of the monied men and bankers, can, in conjunction with them, provide the means of meeting my views*, by negociating such a loan for me as may relieve me from my embarrassments, *and enable me to resume the assignments which I have granted them, in discharge of my former debt to the house, as well as to carry my present plans into effect.* I enclose copies of my letters to the house and of their answers. The assistance for which I have applied is indispensably necessary to the accomplishment of the important object which has been prescribed to me. *The sixty lacs of rupees, more or less, which I propose to borrow, shall be applied in advances of tuckavie, in discharging arrears due to troops which are to be retained as well as those that are to be reduced, and in clearing off debts to Soucars and others. The negociation of this loan through Messrs. Palmer and Co. will enable me to reduce establishments to the annual amount of twenty-five lacs of rupees, according to the accompanying statement. Of that sum, sixteen lacs will be appropriated for about six years to discharge the principal and interest of the loan; at the expiration of which time there will be a clear*

increase to that extent in the actual income of the government, and the saving of the remaining nine lacs will be of important use in reducing the expences of the government to the limit of its receipts, which they had exceeded, on account of the war. Considering myself as a dependant on the British government, and being solicitous for the accomplishment of the object which you have pointed out to me, I trust that you will have the kindness to call on Messrs. Palmer and Co. to assist me in this necessary object, which relates exclusively to the public interests of the government; under the conviction that, without a command of money, it will be next to impossible for me to effect the reduction of troops and other establishments which I desire.

I also enclose a copy of the Wajib-ool Urz which has been sent to me by Messrs. Palmer and Co., with the answers which I intend to give to their several proposals. If you agree in the propriety of them, I will write them on the original Wajib-ool Urz, and return it to the house.

(Enclosures.)

No. 1.—*Translation of a Note from Rajah Chundoo Loll to Messrs. Palmer and Co.*

My attention having been particularly directed to the improvement of the condition of the country and the reduction of the troops, in consequence of the increased expences which were unavoidably incurred during the war, and which have involved me in debt to the Soucars, *I am now in want of money to discharge these debts, to advance tuckavie to the Ryots, and to pay the arrears of the troops which I mean to reduce, as well as those which are to be kept up. Your house, during the war, have always given me assistance when I required it;* and the present occasion being one of great emergency, I am persuaded you will give me your aid. You may depend upon it, that tunkhas for the discharge of the debt shall be given on districts of which the revenues are amply sufficient to meet them.

No. 2.—*Translation of a Note from Messrs. William Palmer and Co. to Rajah Chundoo Loll.*

We have had the honour to receive your letter expressive of certain proposals. On account of the kindness which we have invariably experienced from you, and our solicitude for the prosperity of this government, we are anxious to afford you every possible assistance upon all occasions. *The tunkhas which you have already granted to us, to cover our large advances to you, are not yet due, and the amount of them will not*

be realized for seven or eight months to come. The sums required for the public purposes described in your note must necessarily be considerable; but we are ready to meet your wishes, provided we can protect ourselves and our constituents from loss. We hope you will state to us at once, and without reserve, the whole sum that you will require to accomplish your objects; *because we should not be able to raise the necessary sum without the co-operation of the bankers and monied men, and we must apprize them of the purpose for which we require their aid.* Having told them the object that the loan was to accomplish, we could not go to them again. The same observation applies to the Resident. You are aware that we cannot enter into an arrangement without his knowledge and sanction, which, if it be obtained once, could not be applied for again for the same purpose. *Moreover, we consider that our best security will consist in the assurance, that the sum which is taken up by the government will be really sufficient to accomplish thoroughly the double object of discharging the whole of the public debt, and the general improvement of the affairs of the government; and as the rate of our interest is much lower than that of any other person,* we have no hesitation in asking you to state to us, at once, the whole amount you will require, and the mode you propose to adopt for the liquidation of it, (that is to say, on what districts, and what Talookdars, you intend to give us tunkhas), in order that, after framing the necessary engagements, we may proceed to take steps for the execution of the measure.

No. 3.—*Translation of a Letter from Rajah Chundoo Loll to Messrs. William Palmer and Co.*

I have received your note. *I require the sum of about sixty lacs of rupees;* 1st. *to discharge the arrears of troops, including those who will be retained as well as those who will be reduced;* 2nd. *to clear off my debts to Soucars and that to you, which I was obliged to incur on account of the expences of the war;* 3rd. *and to advance as tuckavie to the Ryots, which is indispensably necessary to the improvement of the country.* I trust, therefore, that you will negociate a loan for me to that amount, in order that I may promote the interests of the government by applying it to the foregoing purposes. The following is the method which I intend to adopt for the discharge of the loan. I will give you tunkhas for the annual sum of sixteen lacs of rupees, of which fifteen lacs shall be on the districts held by Rao Naneck Ram, and the remaining lac on those of Kurrar Newauz Khan, to remain in force until the whole of the principal and interest shall have been repaid. The Talookdars shall

pay that amount out of their collections punctually, until the extinction of the whole debt.

No. 4.—*Translation of a Note from Messrs. William Palmer and Co. to Rajah Chundoo Loll.*

We have had the honour to receive your letter, proposing to us to negociate a loan of about sixty lacs of rupees for you, for the purpose of discharging the arrears of troops, including those to be retained, as well as those to be reduced, clearing off your debts to Soucars *and that which you owe to us*, and for advancing tuckavie to the Ryots, and describing the method in which you propose to repay that sum. The arrangement which you have framed is, in all respects, agreeable to us. We enclose a Wajib-ool urz, which we require for our satisfaction, and which we request you will execute and return to us. As the Resident's name is inserted in our Wajib-ool urz, his sanction to the arrangement is absolutely necessary; we therefore request that you will communicate our Wajib-ool urz, with the whole of the correspondence, to him, and that you will obtain his sanction, in order that we may take measures for negociating the sum which will be required. You propose to give us a tunkha for one lac of rupees on Kurrar Newauz Khan; but as the article of our Wajib-ool urz, regarding the exclusive appropriation of the districts of Rao Naneck Ram to the discharge of our tunkha, does not apply to the tunkha of a lac of rupees which you propose to give on Kurrar Newauz Khan, we request that a tunkha for that amount may be granted to us from year to year, consulting the preference which we may give to Kurrar Newauz Khan, or any other Talookdar.

No. 5.—*Translation of the Wajib-ool Urz enclosed in the Letter from Messrs. William Palmer and Co. to Rajah Chundoo Loll.*

Proposals of the House.	Answers of the Minister.
1. In payment of the loan of sixty lacs of rupees to be negociated by the house, let a tunkha be granted by the government for the annual sum of sixteen lacs of rupees, until the principal and interest shall have been discharged; and let no other tunkhas whatever be issued on the districts in which the tunkhas to the house are	No other tunkhas shall be issued on the districts on which tunkhas may be granted to the house for the annual sum of sixteen lacs of rupees, until the principal and interest of the loan shall have been discharged.

Proposals of the House.	Answers of the Minister.
to be granted, except for Sibendies and the necessary charges of the district.	
2. Let the Resident be consulted on the appointment of the aumil of the district on which the tunkha of the house may be granted. Let no removal or changes be made in the concerns of the district, without the Resident's knowledge. Do not let the tunkha be transferred to any other district without the concurrence of the house, and let no departure take place from the engagement which has been made with us by the government.	The Resident shall be consulted on the appointment of the Talookdars. The tunkha shall not be transferred without the consent of the house; and what departure can take place from an engagement which has been secured by stipulation?
3. The house will represent to the minister the merits of any differences or disputes which may arise between the Talookdars of the district on which their tunkha is granted, and the Talookdars of any other districts; and we trust that they may be settled impartially, and without delay, as any circumstance which may be injurious to the district will of course affect the payments to the house.	If (which God forbid) any differences or disputes should arise between the Talookdars, they shall be impartially settled.
4. If the whole amount of the tunkha which is to be granted to the house for the annual sum of sixteen lacs of rupees shall be realized, well and good; otherwise, should any portion of it remain due at the end of the year, the amount of such deficiency shall be paid in cash by the minister.	If (which God forbid) there should be any deficiency in the payment of the tunkha, it shall be made good by government.

No. 6 — *Translation of the Statement of the Reduction to be made in the Establishment of the Nizam's Government.*

HORSE.

In Rajah Chundoo Loll's party	300 men and 300 horses.
In Rajah Govind Bukhsh's party...	300 men and 300 horses.
In Rajah Row Rumbha's party	250 men and 250 horses.
In Noor-ool Omrah's party	300 men and 300 horses.
In Ruffat-ool Moolk's party	350 men and 350 horses.
In Hissam-ool Moolk's party	100 men and 100 horses.
In Fyaz Ally Khan's party	500 men and 500 horses.
In Rao Boochur Mull's party	500 men and 500 horses.
In Rao Naneck Ram's party	100 men and 100 horses
In Neaz Bahader Khan's party......	200 men and 200 horses.
In Kurrar Newauz Khan's party ...	50 men and 50 horses.
In Mahummud Sahib's party	100 men and 100 horses.
In the parties of Kohee Beg Khan, Zubberdust Khan, Caudir Sahib Dechanee, Buz Meer Khan, and others	300 men and 300 horses.
In the party of Mohkum Jung	25 men and 25 horses.
In the party of Rao Seetul Doss...	100 men and 100 horses.
In the party of Mohummud Khan...	160 men and 160 horses.
In the party of Newauz Khan	25 men and 25 horses.

Altogether 3660 men, and 3660 horses, at forty rupees for each man and horse, giving a total of rupees 146,400 per month, or rupees 1,756,800 per annum.

FOOT.

In Rajah Govind Bukhsh's party 300 men, Arabs, Rohillas, Sikhs, and other miscellaneous parties, 2500 men.

In the party of Rao Seetul Doss, 1000 men, peons 50 men.

Altogether 3850 men, at six rupees each, giving a total of rupees 23,100 per month, or 277,200 per annum.

JAGHEERDAR TROOPS.

From Shums-ool Omrah	2,00,000
From Mooneer-ool Moolk	60,000
From Ameer-ool Moolk	80,000
From Munsoor Khan	79,000
Rupees	4,19,000

RECAPITULATION.

Horse	17,56,800
Foot	2,77,200
Jagheerdar troops	4,19,000
Add on account of troops whose rates of pay are higher than those estimated above	47,000
Total of annual reduction...... Rupees	25,00,000

To H. Russell, Esq. Resident at Hyderabad.

Sir,

We have the honour to acknowledge the receipt of your letter of yesterday's date. By the sanction which we require from the Resident, we do not mean to imply any security by which the British government would be responsible for the money we should lend to the minister: all we require is, the certainty that the Resident will use his influence to prevent our being defrauded, or any misappropriation made of the revenues of the talooks on which we are to have assignments. We shall never require that influence to be exerted beyond the point to which the Resident can go, without making it a subject of discussion between our government and His Highness the Nizam's.

We have, &c.

(Signed) W. Palmer and Co.

Hyderabad,
19th May, 1820.

It will be observed that the Resident's letter is precise and clear in stating the substance of the documents he encloses, and brings at once under the eye of the government *the nature and object* of the proposed transaction. The government was well aware that he had been pressing on the minister the absolute necessity of an immediate reduction of the expenditure of the state, and of useless military establishments at once destructive to the finances, and to the tranquillity of the country.

He states the object of the loan to be, to enable the minister to prosecute the following measures of reform.

1st. To reduce unnecessary establishments.

2d. To make advances to the cultivators of the deserted districts.

3d. To set free the assignments over the districts, which the minister had pledged himself to give for money borrowed, in anticipation of the accruing income of the state.

4th. To discharge debts which stood at a high rate of interest. He adds that a command of ready money is necessary for the minister to carry the foregoing measures into effect, and that he is certain no such sum can be obtained but through the means of Messrs. Palmer and Co., *whose credit and responsibility stand sufficiently high to enable them to secure a combination of the native bankers for this purpose;* he encloses the details of the immediate reduction of troops proposed to be effected by the minister, in consequence of obtaining the loan; by which an annual saving of 25 lacs of rupees to the state will thenceforward be effected; and further adds, that a very desirable object of British policy will incidentally arise out of one part of the arrangement suggested by Messrs. Palmer and Co., *viz.* that the Resident is to be consulted by the minister on the appointment and removal of any of the Talookdars or collectors of the districts, over which assignments were to be given. And he anticipates the benefit not being confined to the immediate districts to be pledged to the house, but that the principle will be extended to other districts.

The minister's letter to the Resident is equally clear and distinct in stating the objects of the loan; the third and fourth being placed only in a different order of succession. He distinctly marks, that the assignments, which it is his object to redeem, were those he had been bound to give to Messrs. Palmer and Co. *in discharge of his former debt to the house.* He repeats that the assistance of Messrs. Palmer

and Co. was absolutely necessary to him, as they, *having the confidence of the monied men and bankers, can, in conjunction with them, provide the means of meeting his views.* Thus distinctly explaining the meaning of Mr. Russell's expression, of "securing a combination of the monied "interest." So little did Mr. Russell consider it a part of his duty to learn, or to make known to the government at Calcutta the terms of the interest to be paid on the loan, that he does not even once allude to the subject in his communication. And the minister equally omits all allusion to it, except indeed incidentally in bringing to the Resident's attention what would be the beneficial effect of the measure on the finances of the state. This he does in the following words: —

"The negociation of this loan through Messrs. Palmer "and Co. will enable me to reduce establishments to the "annual amount of twenty-five lacs of rupees, according "to the accompanying statement; of that sum, sixteen "will be appropriated, for about six years, to discharge "the principal and interest of the loan; at the expiration "of which time there will be a clear increase to that "extent in the actual income of the government, and the "saving of the remaining nine lacs will be of important "use in reducing the expences of the government to the "limit of its receipts, which they had exceeded on ac-"count of the war."

There is here nothing of studied misstatement or concealment. He does not pretend to give the terms of the loan. There is no *reticence* on the subject of the existing debts of the house.

It will be observed, the minister, in his note to Mr. Russell, distinctly alludes to his former debt to the house of Palmer and Co. There is no concealment of it whatever. The minister equally distinctly records in his note to the house, that they have frequently made him advances of cash. The reply of William Palmer and Co. to the

minister re-echoes and records the fact of their having made him large advances, for which they held the very tunkhas or assignments, which he required them to give up, and in lieu of receiving payment of them, to let the debt be made a part of the loan.

They record distinctly that they must have recourse to the native bankers; having then reason to believe that they could not get the funds elsewhere.

They state their interest to be much lower than that of any other person, and they truly remind him how much their security depends on his faithfully applying the produce of the tunkhas they are to set free, together with the further sums they are to raise for him, to the precise objects and purposes he professes to have in view. Their interest, as in all cases of large creditors, was necessarily involved in the prosperity of the resources of their debtor.

In the minister's rejoinder (No. 3.) to Messrs. Palmer and Co. the debt due to the house is a fourth time recorded, and is specifically included in the list of objects, which he thus states as second in the order of succession: "*To clear off all my debts to the Soucars, and that to you.*"

This is repeated for the fifth time by Messrs. Palmer and Co. in their note, No. 4.

The Wajib-ool urz, or list of the proposals and answers, has reference solely to the means of securing the regular realization of the tunkhas.

The subject of this transaction appears, from the various minutes hereafter recorded, to have been discussed in council between the 10th June and the 15th July, when it was sanctioned by the majority of the council, in the following letter.

*To Henry Russell, Esq., Resident at Hyderabad.**

Sir:

" I have the honour to acknowledge the receipt of your
" despatch of May 19th.

* Hyder. Pap. p. 55.

" The governor-general in council authorises you to " sanction the loan of 60,00,000 which the Nizam's go- " vernment proposes to obtain from the house of William " Palmer and Co.

" *The terms of the loan are not mentioned in your des-* " *patch, but his lordship understands, that an assignment of* " *sixteen lacs of rupees per annum will discharge the interest* " *and pay off the principal within six years.*

" His lordship is very happy to observe that this mea- " sure will enable the Nizam's government to effect a re- " duction of expence, to the extent immediately of nine " lacs per annum, and eventually of twenty-five.

" I have, &c.

(Signed) " C. T. Metcalfe,

" Fort William, Secretary to Government."

" 15th of July, 1820."

Previous to the foregoing decision, Mr. Stuart appears to have recorded four, and the other members of council, including the governor-general, three minutes each.

They are here given in the succession of their dates, together with the opinion of the advocate-general, on a question submitted to him. They will furnish some measure of the mind of their respective authors, provided it be admitted that they were in equal possession of their judgments, unclouded by prejudice, and unfettered by any undue bias of personal feelings or objects.

They will display a specimen of the pernicious trifling, by which the public business in council appears to have been habitually obstructed, and of the sort of co-operation which Lord Hastings encountered from his colleagues in council, during his administration of the government of India. An attentive perusal of these documents will, at the same time, prepare the reader for the absolute riot which Mr. Adam, and his council, appear to have run during his

subsequent temporary elevation, when they were no longer controlled and rebuked by the presence of a statesman to conduct their deliberations and model their decrees.

Mr. Stuart's 1st Minute.

The letter and enclosures of the 19th ultimo from the Resident at Hyderabad convey the proposition, that this government shall sanction a pecuniary arrangement between the Nizam's government and the House of Messrs. William Palmer and Co., under which the House are to advance that government a sum of sixty lacs of rupees, and to receive assignments on the country to the amount annually of sixteen lacs, until the principal and interest of the loan shall be liquidated.

The papers submitted by the Resident afford no information with respect to the rate of interest or other advantages stipulated by the House, so as to enable this government to judge how far the arrangement may be an economical and beneficial one for the Nizam's government.

In my minute of the 10th of November last, recorded on the proceedings of the 1st of January, 1820, following, I advanced objections against this government sanctioning a former pecuniary arrangement between the Nizam's government and the House of Messrs. William Palmer and Co., upon the ground of the same defect of information which I have remarked on the present occasion. The Board will infer, that I must entertain objections to the present proposition equally insurmountable. My objections, indeed, have acquired increased force from the great and apparently growing extension of Messrs. William Palmer and Co.'s pecuniary concerns with His Highness's government.

Fort William, (Signed) James Stuart.
10th June, 1820.

Mr. Fendall's 1st Minute.

Upon a perusal of the Hyderabad Resident's letter and its enclosure, it appears that the introduction of a regular reform in the Nizam's government is no less anxiously wished for by this government than by the minister. The mode proposed to accomplish this object is, by reducing unnecessary establishments, making advances for the improvement of the country, *relieving the revenues from the present heavy assignments on*

it, given as security for loans from Messrs. Palmer and Co.; and paying off others which stand at a higher rate of interest. The minister has represented the impossibility of any attempt towards an effectual reform, unless he can immediately procure a loan to the amount of sixty lacs of rupees; and placing full confidence in the ability of the House of Messrs. William Palmer and Co. to raise this sum, as well as in the liberality of their terms, he has been negociating a loan with them to the extent of the above-mentioned sum. Messrs. William Palmer and Co. have agreed to come forward to the assistance of the minister upon certain conditions, to which the minister has agreed. One of these is the previous sanction of the Resident; and in explanation of the nature and extent of this sanction, they do not require the guarantee of this government for the payment of the loan, but merely such local influence to be afforded them by the Resident, as will protect them from being defrauded. *Although no specific mention is made of the rate of interest which is to be paid, yet, from that part of the minister's proposition which refers to the payment of debts standing at a high rate of interest, it is fairly to be inferred, that the loan in contemplation is to be made at a lower rate than what the old loans bear, and is, therefore, advantageous to the Nizam's government.* It is evident, that unless an immediate loan can be raised, the minister's plan cannot be carried into execution. The stipulations required by Messrs. William Palmer and Co., appear calculated only to secure the due and regular payment of the loan; and as the Resident takes no notice of any other tenders more favourable to the Nizam's government having been made, but on the contrary, represents the impossibility of the minister's obtaining it by any other means than through the House of Messrs. William Palmer and Co., I am of opinion that every facility, short of guarantee for the repayment, should be afforded towards the completion of the proposed loan.

Fort William, (Signed) JOHN FENDALL.
16th June, 1820.

Minute of the Governor General.

The letter from the Resident at Hyderabad, dated 19th May, soliciting that this government would sanction the advance of a considerable loan by the house of William Palmer and Co. to the Nizam's minister, Chundoo Loll, *demands a special explanation of the course I mean to pursue, on account of former discussions connected with the subject, and of sentiments now expressed upon it.*

That the loan must be advantageous to the house of William Palmer and Co. cannot be questionable, as otherwise they would have no inducement to listen to the application of the minister. *A person in whom I take a very lively concern, from his having married a ward of mine, brought up nearly as if she had been my daughter, is a partner in that house. The degree in which his interest is engaged in the proprosed transaction might, without my being conscious of the bias, warp my judgment. I shall, therefore, forbear taking part in the decision of council; but it is incumbent on me to define some advertences which must attend it.*

I have put upon record my deep anxiety to save the Nizam's government from a peril which immediately overhangs it. The disorder in the finances of the Hyderabad state not only produces a general oppression of the subjects, discreditable for us to uphold, but has thrown the army into arrears so grievous, as that extensive mutiny is likely to break out at any moment, Revolting at the idea, that the dissolution of that government might be made profitable for strengthening our position in that part of India, I contemplate such an event as big with reproach to us, the nominally protecting power. It would be a heavy impeachment of the British character, were we chargeable with not having exerted the influence which we possess, or applied the resources which we command, to secure from so serious a calamity a sovereign who depends on our foresight and good faith. Adopting my sentiments, this government directed the Resident to call upon Rajah Chundoo Loll for instant measures to parry the impending evil; the reducing the expenditure of the state within its regular income being pointed out to that minister as the only mode of avoiding the convulsion, and as thence indispensable.

The representation has been frankly and manfully met by the minister. He has, as a first step, brought forward a detailed plan for immediately dismissing an amount of troops, the aggregate of whose pay is twenty-five lacs yearly. It is, however, stated by him, that he cannot get rid of those troops without liquidating their arrears, which he is unable to effect but by means of a large loan. The sum is proposed by him to be borrowed through the agency of William Palmer and Co., and the terms are agreed upon between the parties, subject to the assent of this government. Repugnance to this arrangement is professed here. In a matter of such pressing and serious import, I am entitled to expect that some intelligible way of settling the difficulties will be suggested by those who desire to reject the present proposition. Its outline is, that the whole capital, with the interest, shall be paid off in six years; for which purpose an assignment of territorial re-

venue, furnishing sixteen lacs annually, is to be granted to Messrs. Palmer and Co. Mr. Stuart pronounces it to be an insurmountable bar to his concurrence, that the rate of interest is not specified. The assignment is calculated to yield in six years ninety-six lacs. Deducting the proposed amount of the capital (sixty lacs), there would remain thirty-six lacs; that is to say, six lacs for every year. This would be ten per cent., were the capital unreduced. It would come to a higher rate were the six lacs still payable as interest, notwithstanding the yearly diminution of the capital by ten lacs; but it would be extravagant to presume any such condition. The computed receipt of sixteen lacs is only the security to William Palmer and Co., through which the gradual liquidation of the capital and regular payment of the interest is to be effected; while the moderation of the terms is evinced, by the destination of a portion of the sum to pay off debts standing at heavy interest.

This, however, is not the only objection: in a looser way, two others have been hinted. *It is said to be undesirable that a British house of agency should have any concerns with the Nizam's government: secondly, it is argued, that the furnishing a loan of such extent would give to the house of Palmer and Co., an influence over the minister, which no British subject ought to possess. As to the first, the original permission to the house of William Palmer and Co. to deal with the Nizam's government was granted, as I have understood, from the notoriety, that the Nizam could not, at the time, be kept afloat but by such efficacious aid; and I have always heard, that the benefits arising from the intervention of that house, were as distinctly acknowledged by this government as by the court of Hyderabad. As to the second objection, a creditor on so great a scale will, in ordinary instances, have powerful weight over the administration to which he has furnished the supply; but, did this stand good on the present occasion, there would only be to estimate that disadvantage against the hazarding such embarrassment and injury to the Honourable Company's concerns, as must be anticipated from wide convulsion in the Nizam's dominions.* It is not, however, easily comprehensible, that such an influence could operate inconveniently, or indeed could ever be employed at all, when the real security to the lenders exists solely in the countenance and support to be given to them by the representative of this government. I therefore hold those arguments to be wholly inapplicable; and I repeat, that if this provision for the exigency of the Nizam's affairs be condemned, an available substitute should be offered by those who counsel the rejection. It will not do to say, "were the house of William Palmer and Co. put aside, I have no doubt but that the Shroffs would produce the money." Some reasonable ground for trusting to such a persuasion

ought to be shown, where the consequence of a fallacious reliance may be so distressing. Against such a loose presumption we have the positive declaration of the Resident, that the loan cannot be procured from native bankers alone. Clearly, they fear to advance their money but through a British house, the interest naturally taken in which by this government gives them a confidence, such as they could never feel in a direct negociation with a native court.

A point of no small delicacy presents itself on the above unequivocal assertion of the Resident. Is he to be credited or not? Such a circumstance is supposable, as that there might be a corrupt understanding between the Resident, the house of Palmer and Co., and the minister. When I state it as within possibility, I feel bound to declare my solemn conviction, that there is not room for any imagination of the kind; and I make that profession not merely from the known and established character of the persons, but also from the total absence of any particular that could justify the shadow of such a notion, when the relations between the parties were recently sifted in council. If a different conception has been formed in the mind of any member of the board, its bearing must extend far beyond the limit of the question now before us. It involves considerations of the deepest importance to the concerns of the Honourable Company; *therefore, I distinctly say, that any member of council impressed with such a suspicion, is bound in duty to avow it, and to specify the grounds on which he entertains it.* If there be no colour for a doubt of the Resident's integrity, it will be difficult to refuse the testimony which he, on the spot, bears to the inability of the Nizam's minister to procure the necessary funds, otherwise than in the way proposed. I recur then to my position, that they who impugn the plan are under the obligation of this alternative: — They must record, that they think the existing distresses and apprehended subversion of the Nizam's government a less evil than the possible consequences of the projected remedy, or they should show some other practicable course, through which the minister can effect what we have enjoined.

(Signed) HASTINGS.

Mr. Stuart's second Minute.

I have had the honour to peruse the governor-general's minute of the 17th instant, upon the subject of the Hyderabad loan.

I perceive that, from the minister's representation to the Resident, his lordship infers the interest upon the proposed loan to be ten per cent.

If I could satisfy myself on that head; if I saw accurate ground for inferring that the interest and charges of all descriptions were not meant to exceed ten per cent., I should not hesitate to express my opinion of the fairness and reasonableness of the terms.

In that case, *I should not, indeed, abandon the objections which I stated on a former occasion, to a single house of agency holding a monopoly of pecuniary supply to the Nizam's government;* but viewing the urgency of that government's pecuniary wants, and the prospect of its obtaining prompt assistance by the adoption of the proposition, I would not propose my objections against it as a temporary measure.

But, on calculation, I find, if ten per cent. be assumed as the interest and charge of the loan, the appropriation of sixteen lacs per annum would extinguish the loan, principal and interest, in five years, and leave a surplus of a lac of rupees.

If sixteen per cent. be assumed as the amount of interest and charge, then the annual appropriation of sixteen lacs for six years would extinguish the loan, principal and interest, all but about two lacs and a half of rupees.

That calculation squares very well with the minister's statement, who says, that the application of sixteen lacs for about six years will extinguish the debt.

These results confirm, in my humble judgment, the desirableness of procuring the more accurate information which I had wished on the terms of the proposed loan, including interest and charges of all descriptions.

His lordship has expressed his expectation, that they who desire to reject the present proposition, will suggest some mode of providing for the exigency.

Upon that point I beg permission to remark, that the opinion which I have expressed *went merely to suspend the decision of government* until further information should be obtained. I have already stated, *if the terms of the proposed loan were satisfactorily shown to be at the rate which his lordship has inferred, I should be prepared to assent to the measure.*

But supposing the house of William Palmer and Co. to expect terms which this government should not deem reasonable, *I should not anticipate difficulty in otherwise providing for the exigencies of the Nizam's government.*

In professing that opinion, I assume, that the influence of the Resident is sufficient to ensure the realization of the assignments which the Nizam's minister proposes to grant as security for the money which he wants to borrow. It appears to me, that the

operations of the house of William Palmer and Co. are founded on that confidence.

That assumption being admitted, it appears to me that, perhaps, the best and simplest plan might be, to advance at once from this treasury the sum which the minister wants.

The financial situation of this government is peculiarly favourable to such a measure. Not to mention other circumstances, it is understood that the greatest part of the half-yearly interest, for the payment of which cash has been collected at the treasury, is likely to be taken out in bills. That circumstance will place about fifty lacs of rupees at the disposal of government; and I imagine that the appropriation of it, with the addition of ten lacs, to supplying the wants of the Nizam's government, would not only be not inconvenient, but advantageous.

Should there be obstacles, of which I am not aware, to that plan, *I think that by encouraging competition, the Resident in the present glut of money in the markets of India, would experience no difficulty in raising the sums required upon moderate terms.*

If assurances of the Resident's protection should not succeed in drawing the desired supply from the native bankers at Hyderabad, I should presume that invitations to the opulent and respectable commercial firms at the different presidencies, could hardly fail to accomplish the object.

I have been concerned to observe, that the doubts which have been entertained upon the Resident's propositions, should have appeared to his lordship open to the construction of a personal reproach to that officer.

I have certainly held the matter to be one, on which the government has been called to exercise its own judgment. *In exercising mine upon the Resident's propositions, I have seen grounds not to reject them, but to suspend my opinion upon them, until they should be more satisfactorily elucidated than they appeared to me to be. But I can with entire sincerity declare, that the opinions which I have expressed have been independent of all personal reference to the Resident.*

His lordship has been pleased to advert to the interest which he takes in the welfare of a gentleman who is associated in the house of Messrs. William Palmer and Co.

Even to the illustrious character and high station of the governor-general, the avowal of such an interest can be only honourable. Next to the highest objects of power, the good of our country and of mankind, the opportunities which it affords of promoting the welfare of those endeared to us by friendship and affection, will be deemed by generous minds the fairest reward of its toil and anxiety. How forcibly such

ties must be felt by his lordship, will be understood by all those who know the kindness and benignity of his nature. How much gratification I shall always derive from being able to concur in his lordship's indulgence of that feeling, how much mortified I must be when motives of duty may constrain me to deny myself that happiness, I hope I need not profess. The sentiment is due, no less to his lordship's exalted station in the government, than to the kind and liberal disposition which he invariably manifests, to meet claims of a similar nature on the part of the other members. But whatever may be the difference of views upon the present case, there is one point upon which I venture to submit a confident opinion. I do not hesitate to pronounce, that his lordship is the only person who can think that his friendship for a gentleman, whose interests are involved in the question, constitutes the slightest ground for his withdrawing from the determination.

(Signed) JAMES STUART.

Mr. Adam's first Minute.

Having assented to the arrangement made with the house of William Palmer and Co. of Hyderabad, under the sanction of the British government, for providing funds for the payment of the regular forces of his highness the Nizam in Berar, it is necessary that I should state distinctly my sentiments on the measure now proposed by the Resident, which may seem to rest on a similar footing of expediency. The considerations which weighed with me, in acceding to the former plan, were shortly these. There seemed, at the moment, no other equally convenient and economical mode of securing the supply of the required funds, at a specified time and place, for the regular payment of the troops, on the punctuality of which their efficiency was understood to depend. The ordinary resources had failed, or at least were in such danger of failure, as to make any reliance on them wholly insecure. The terms offered by Messrs. William Palmer and Co. were represented, and I believe correctly, to be more favourable than any other that could be obtained by the Nizam's minister on his own credit, or that of the state, while the condition of the money market and of our own treasury did not enable us to assist him in procuring funds elsewhere, or by direct pecuniary advances. On the whole, it appeared to be as favourable an arrangement for the Nizam as circumstances would admit of; and, as such, a fit object for the sanction of the British government, so deeply interested in the welfare of its ally, and

in the permanence of an establishment so conducive to the preservation of our ascendancy and of the general tranquillity, as the Nizam's regular forces. But while the force of these considerations led me to accede to the former plan, *I was never insensible of the objections to encouraging, or even permitting, extensive pecuniary dealings between a native government and an opulent British house of agency; and if any other available resource had presented itself, I would willingly have resorted to it, in preference to a measure which, whatever was its convenience in other respects, had that objectionable feature.* This brings me to the question immediately before us, namely, whether we should adopt the Resident's proposition, or assist the minister with other means for effecting his reforms; *for I willingly admit, that we are not entitled to oppose his plan, if we do not furnish him with a better.* Such a one is, in my judgment, to be found in the suggestions contained in Mr. Stuart's minute, which appears to me to offer every possible advantage to the minister as a pecuniary arrangement, with some convenience to the British government, and to be in some respects unexceptionable, either in a financial or political point of view. As a financial question, it will necessarily, if it be entertained by the board, become a subject of official reference to the accountant-general, on whose statement I presume Mr. Stuart's representation of the state of the treasury to be founded. *Entertaining this decided opinion in favour of a direct advance from our own treasury*, on solid security, such as is of course attainable, I might dispense with further observations on the plan submitted by the minister. But if the other arrangement should unexpectedly be opposed, by objections which are not at present visible to me, *I conceive that we should, at all events, call for more distinct information concerning the terms of the proposed loan from Messrs. William Palmer and Co., before it is sanctioned.* At present, we are left to infer the actual rate of interest; and the imperfect means of coming to any thing like an accurate conclusion on this point, from the information before us, is evident, from the different results of the calculations of the governor-general and of Mr. Stuart. In the event of the high rate of interest proving to be that which it is intended to demand, *I conceive that an endeavour should be made* to procure more favourable terms. We have lately seen a large loan negociated for the Guicowar at nine and a half per cent. The facilities of borrowing at Hyderabad, *if not opposed by a combination*, ought not to be inferior. *I have been struck by a passage in Mr. Russell's letter*, viz. *that the minister cannot obtain the requisite funds "by any other means than the assistance of Messrs. William Palmer and Co., whose circumstances "enable them to secure a combination of the native monied in-*

" *terest.*" If this be so, I am so far from considering it as a motive for giving the additional strength to such an influence which it would derive from the proposed loan, *that it seems to me to form a powerful reason for abstaining from any measure calculated to confirm a monopoly, from which no good can result, either to the Nizam's government or the general commercial interests of the country, and for resorting to the plan of a direct loan from the British treasury. That measure has accordingly my decided preference.* I trust that I need not profess, that I have endeavoured to form my judgment of this question solely upon its own merits. *In dissenting from Mr. Russell's recommendation, I distinctly disclaim the slightest suspicion of his having been influenced by any other motive in bringing it before us, than a sense of public duty.* I am satisfied that he considers the plan to be the best that can be followed for the benefit of the Nizam's government, and although I cannot agree in this view of the subject, *a doubt of his integrity never entered my mind.*

I am concerned to perceive that the governor-general has intimated his intention of taking no part in the determination of this question. No one can estimate more highly than I do, the feeling which has prompted this resolution. But I trust his lordship may see reason for departing from it; for although I have the misfortune not to concur in opinion with his lordship on the case before us, I am fully persuaded that no decision on a subject of such importance, in which he shall not take a part, can be satisfactory, either to ourselves or to the authorities at home.

(Signed) J. ADAM.

Mr. Fendall's second Minute.

I have perused the minutes of the governor-general, Mr. Stuart, and Mr. Adam, as also the correspondence which has taken place upon the subject of the loan required by the minister at Hyderabad, to carry into effect the plan of reform in that government. During the discussions which have taken place at Hyderabad, no mention is made as to what rate of interest the loan is to bear; but, upon reference to the time in which it is to be liquidated, and the appropriation of the annual sum of sixteen lacs of rupees for that purpose, I infer with Mr. Stuart, that the rate of interest is sixteen per cent. The sum wanted by the minister is sixty lacs of rupees, and Messrs. William Palmer and Co. have engaged to negociate the loan to that extent, upon certain conditions agreed to by the minister. It cannot be supposed that Messrs. William Palmer

and Co. have the means of providing for this sum from their own funds, but must look for the assistance of monied men, and particularly native bankers, to its completion. They will not, I think it is evident, come forward, unless they have the intermediate security of some respectable house of agency in which they can place confidence, and this confidence they appear to have in the firm of Messrs. William Palmer and Co. *What interest they will demand it is not easy to say; but, from the former loan having been negotiated at twenty-four per cent., I do not imagine they will advance their money at less than twelve per cent.* In addition to the interest which Messrs. William Palmer and Co. must pay to the native bankers, they must be at some expence in realizing the annual assignments, perhaps not to the extent of the remaining four per cent.; but they must also naturally look to derive some advantage, to cover the risk and responsibility which will attach to them as the negociators of this loan, which, at the inferred rate of sixteen per cent., is one-third less than the former one bore. *Taking, therefore, into consideration the reduction of the interest obtained, the risk and responsibility incurred by the house in standing between the minister and the native bankers, and the expence in realizing the assignments, the rate of interest does not appear to me exorbitant, provided the inferred sixteen per cent. covers all expences.* With respect to this government advancing the loan, I have very great doubts as to the policy and expediency of the measure. I submit, with great deference, whether it might not instil into the mind of his highness the Nizam, suspicions unfavourable to the good faith of this government; whether it might not be suspected to be a preliminary step towards encroachment of this government, prejudicial to the interests of his highness; and should suspicions arise, however unfounded they are, whether obstacles would not be thrown in the minister's way, which would render all his attempts at effectual reform nugatory. If the loan be made by our government, the cash must be remitted from hence, either by bills of exchange or in specie, which must clog the loan with additional expence; and, in the latter mode, in addition to the expence, there will be the risk of transportation. *If the assignments are not regularly paid, unpleasant discussions must take place between the minister and the Resident, and a heavy responsibility will rest on this government; all which will, in my opinion, be avoided, if the loan be negociated by Messrs. William Palmer and Co., and our interference limited to its proper boundary. I confess I do not perceive that any house of agency can obtain an undue influence over the measures of the minister, by its having the negociation of this loan.* Admitting even any attempt at such interference being tried, the Resident, I should think, has it in

his power to prevent its taking effect. The credit of any house of agency at Hyderabad must, I should conceive, depend in some measure upon the countenance and support shown it by the Resident, and the apprehension of doing any thing which might compel the Resident to withdraw his countenance and support, must, I think, prevent it from attempting any interference, further than in effecting the completion of agreements entered into by the minister. *I submit the foregoing remarks with great diffidence; but I am compelled to do so, from a conviction that the safest and best mode of effectually supporting the minister in the completion of the plans which he has so zealously undertaken, will be by allowing the negociation with Messrs. William Palmer and Co., as recommended by the Resident, to proceed, and confining the interference of this government to the terms stipulated by the house and agreed to by the minister.* I cannot conclude without expressing the high respect and veneration I feel for the motives, which have induced the governor-general to decline taking part in the decision of the council upon the present occasion, and sincerely lamenting, that the circumstance alluded to by his lordship should deprive us of the benefit of his judgment upon the case.

(Signed) John Fendall.

Governor-general's second Minute.

Having already explained so fully my sentiments on the proposed loan to the Nizam, little remains for me to add, beyond the expression of my opinion respecting what Mr. Stuart and Mr. Adam consider as possible substitutes for that measure.

First, however, I must observe, that I have been misapprehended, when it was supposed that I computed the interest at only ten per cent. I had no information whatever on which I could ground such an assumption; nor was such a rate reconcilable to probability, aware, as we are, of what has been for a long time back the course of money transactions at Hyderabad. To an arbitrary inference that the terms must be extortionary, I opposed a calculation, loose indeed, yet sufficient for that purpose, to show there was no reason for adopting such a conclusion. I showed that the portion of the assignment which would remain, after extinguishing ten lacs of capital in the first year, would be only ten per cent. on the original sum. The residue, in succeeding, would furnish an aggravated interest, in proportion as the capital was reduced;

but the contemplation could not be confined to any one of the latter years: the whole transaction must be taken together, and then the aggregate amount of interest could not be exorbitant, when compared with the known rate in that part of India. The calculation of Mr. Stuart squares so well with the time reckoned upon by the minister, that I should expect sixteen per cent. to be the agreed condition. The borrowing at eight per cent. less than he has hitherto done is so evident a relief to the Nizam, that the arrangement (with the reform which it is destined to effect) must be deemed advantageous, if no less burthensome plan could have been fashioned. On this head the Resident speaks decisively, in his letter of the 19th May, 1820. The passage is quoted in the margin.*

To obviate the difficulty asserted by Mr. Russell, Mr. Stuart and Mr. Adam propose the issue of sixty lacs of rupees to the Nizam, as a loan, from our Treasury. *Mr. Fendall judiciously anticipates the alarm and invincible repugnance with which the Nizam would meet such an offer from us. In corroboration of Mr. Fendall's opinion, I request the attention of the board to the communication which we received from the Resident, in his letter of the 30th April,* 1820.† *A more powerful instrument for working on the jealousy of the Nizam could not be furnished to the enemies of Chundoo Loll than such a proposition. But that is not the sole objection. No consideration shall ever induce me to assent to a measure, sure to be viewed with suspicion and disfavour at home. The advance of such a sum from the Company's Treasury to a Native Prince would not fail to be generally regarded, and probably to be charged in parliament, as an insidious policy, on my part, to entangle the Nizam in obligations not expected to be fulfilled, the failure in which should give me the pre-*

* "It will be extremely difficult for the minister to prosecute his measures of reform with any real effect, unless he can obtain the command of a sum of ready money, for the purposes described by him; and he certainly cannot obtain it by any other means than the assistance of Messrs. William Palmer and Co., whose circumstances enable them to secure a combination of the native monied interest. I therefore beg leave to submit the minister's request to the favourable consideration of government."

† "A combination appears to have been lately formed between Mooneer-ool Moolk, Ameer-ool Moolk, Shums-ool Omrah, Shar Yar-ool Moolk, and some other principal persons about the Nizam, to resist the measures of retrenchment in which the minister is engaged, and by which they find that their undue emoluments will be seriously affected. For this purpose they endeavoured, by alarming the Nizam's jealousy, to make him a party in their cause. They represented to him that in this, as in all other instances, Chundoo Loll was merely a tool in the hands of the British government, and that, under the specious pretext of reducing his expences and reforming his affairs, we were in reality preparing a scheme for taking possession of his government and country."

text for subjugating him to that thraldom, whence I am really labouring to extricate him. I repeat, that I never can be prevailed on to concur in such a proposition; which is at the same time intrinsically unadvisable, as it would to a certainty entail those very interferences in the Nizam's internal administration which we have been recently condemning.

Mr. Adam, as an alternative, suggests that a loan might be obtained from other sources, under a declared protection either from this government directly or from the Resident. He unfortunately instances the nine and a half per cent. loan negociated for the Guicowar in that manner. The illustration immediately brings forward the objection. The measure to which Mr. Adam alludes necessitated the Bandhary system at Baroda. The system was glanced at, in discussions respecting Hyderabad, very lately in the Council; and I thought we had been unanimous in reprobating the notion of any procedure which could even virtually involve us in a similar species of pledge to overrule the Nizam's expenditure. The Resident at Hyderabad was explicitly informed, I know not whether in a public or private letter, that this government would never furnish even an implied security to parties furnishing the Nizam with money. He has, on this occasion, exacted a declaration from Messrs. William Palmer and Co., that they do not understand, as any such indirect assurance, the sanction which they request from government. Unless we depart from the above principle, which I have no disposition to abandon, what chance can there be of the Nizam's procuring money by recurrence to Shroffs in various places?

I conceive Mr. Adam to have entirely misconstrued a material particular in the Resident's letter. It is supposed by Mr. Adam that there is the avowal of a combination, headed by the house of William Palmer and Co., to exclude the greater portion of the Shroffs. The obvious meaning of the passage is, that William Palmer and Co. had prevailed on the Shroffs to combine with them in producing the amount of money wanted, and which the house could not of itself furnish.

This question cannot, for any practical end, be considered unconnectedly. *It is not a simple discussion on the more or less of interest expediently admissible.* Unless the consultations which we have held, and the determinations which we have recorded respecting the condition of the Nizam's dominions, were absolutely inept, there is the most urgent call for efficacious remedial procedures in that state. We enjoined the Resident to press upon the minister the necessity for immediate steps of reform: the evil was represented as not admitting of procrastination or palliatives. We were moved to this intervention by the clear perception, that extensive convulsions in the Nizam's territories would not only be materially

injurious to us in that quarter, but would infallibly stir up commotion north of the Nerbudda, and subject us to heavy expence. Our assurances of support were plighted to the minister, in case he would undertake a measure which we both knew must draw upon him the violent hostility of all those powerful chiefs about the Nizam's court, whose emoluments were to be curtailed by the proposed alterations. On the faith of our pledge, Chundoo Loll embarks in an enterprise, which puts to hazard his very existence. Having nothing specific prescribed to him, he frames for himself an arrangement which, though only partial, exhibits a beneficial result, in the degree of instantly furnishing to him an additional revenue of nine disposable lacs for six years; after which period, the improvement of income achieved by the operation will stand at twenty-five lacs annually. Instead of encouraging this first effort to meet our wishes, we tell him that his conduct is improvident, and we assert that he might have made a better bargain, though he and the Resident both declare the terms of this loan to be the most advantageous that the situation of affairs in that country could enable the Nizam's government to procure. But there is a consideration still more serious than the repressing the confidence and the activity of Chundoo Loll. The importance of time, and the lapse of it, seem to be entirely overlooked, though we professed delay to be perilous. The suspense inevitably gives formidable advantage to the party opposed to Chundoo Loll, and that advertence should call our attention to the risk of a dilemma. It would be an awkward alternative, when we must either forfeit our honour to Chundoo Loll, or must interfere for his protection, with an open usurpation of control over the Nizam, painful to our sentiments, and destructive of the liberal system which we have endeavoured to establish. I thence solicit a speedy and final decision.

(Signed) HASTINGS.

Mr. Stuart's third Minute.

In suggesting that this government should extend relief to the Nizam's government, by an advance of money direct from the treasury, I had certainly not foreseen the difficulty to which that measure has appeared to the governor-general and Mr. Fendall to be liable.

I have been accustomed to think the exercise of the British power over that government to have been for many years so confessed and decisive, that I had not anticipated any general

increase of dissatisfaction, or claim, from the proposed advance of money.

Nor did I contemplate any probable inconvenience from the probable operation of the measure upon the mind of the Nizam.

The information on our records shows, that that prince has long entertained sentiments of jealousy and aversion towards the British government, *which the measure would hardly increase*, and which have led to his exclusion, by our power, of all authority in the state.

The reasons, in explanation of the measure, which the government would have been able to submit to the authorities in England, would, I should have hoped, have prevented the misconstruction of which his lordship is apprehensive.

Having already had the honour to offer my sentiments fully on the question, I leave the specific course which it will be proper to follow, without further observation, to the wisdom of the Board.

Fort William, (Signed) Jas. Stuart.
11th July 1820.

To R. Spankie, Esq., Advocate-general.

Sir:

Were a large loan (not less than 700,000*l.*) from our treasury to a native sovereign to be recommended by supposed motives of policy, I wish to know if such an application of the money would be legal.

The project implies a surplus, either existing or anticipated: because the procedure would otherwise be clearly irreconcilable to duty. Now I apprehend, that the legislature has established a specific destination for the surplus of Indian revenue, and I am thence doubtful whether the measure alluded to would not be a contravention of the statute.

I have, &c.

Fort-William, (Signed) Hastings.
8th July 1820.

To his Excellency the Governor-general, &c. &c. &c.

My Lord:

I have the honour to state, in reply to your lordship's letter of the 8th instant, that a loan to a native prince, in the circum-

stances therein supposed, out of any surplus of revenue in the hands of government, appears to me inconsistent with the appropriation directed by the 53 Geo. III., cap. 155. sec. 55 to 61, and, in my opinion, would be illegal.

I have the honour to be, &c.

Fort William, 11th July 1820. (Signed) R. Spankie, Advocate-general.

Mr. Adam's second Minute.

I am concerned to find, that the plan for assisting the Nizam's government, by a loan from the British treasury, is viewed with such repugnance by the governor-general. I certainly did not conceive it to be open to the objections urged by his lordship and by Mr. Fendall, nor on any other grounds materially exceptionable; *and, with the utmost deference for the authority that has pronounced against it, I must continue to regard it as preferable, in every point of view,* to the measure recommended by the Resident at Hyderabad. I imagine Rajah Chundoo Loll to entertain too just a confidence in our good faith, and in the sincerity with which we are co-operating with him in the reform of the administration at Hyderabad, to suspect us of any insidious design, in tendering the loan directly from ourselves. He must feel, I think, that the territorial security he has offered to Messrs. Palmer and Co. is no less adequate to the discharge of a debt on more favourable terms to the British government, and he cannot suspect us of the enormous injustice of wresting that loan to our own selfish purposes, and to the injury of his sovereign. I should not object, however, to leaving this point to be determined by the result of a proffer of the loan to Chundoo Loll; and I would by no means propose to press it on him, against his wishes or his prejudices. The effect it might produce in the mind of the Nizam, I conceive to be of very inferior moment. We may presume, indeed, from his ordinary conduct, that having given his consent to the reform, and entrusted the minister with the execution of it, he will not take any interest in the manner in which it is accomplished. If the enemies of Chundoo Loll should draw his highness's attention to the loan, and endeavour to pervert it to the minister's disadvantage, I should even then scarcely consider the degree in which the Nizam's confirmed jealousy and dislike of the minister and the British government would be increased by this means, as a reason for receding from the plan, provided it were acceptable to the minister himself.

I feel all the importance attached by the governor-general to

the views that may be taken of this transaction at home; but I confess, that the grounds on which it is to be explained and defended, appear to me to be so clear, that we should entertain no apprehension of their being liable to misconstruction by the unprejudiced part of the public.

I shall be very happy to find that I have misapprehended the import of the passage in Mr. Russell's letter, which appeared to me to imply, at least, the power of the house of William Palmer and Co. to create a combination of the monied interest at Hyderabad. If that were disproved, and the terms obtained through the intervention of that house shown to be as advantageous to the minister as any that could be got elsewhere, much of my objection would be removed, though I still should think, that that house had as large a share of pecuniary engagement with the Nizam as it is desirable for any single establishment to have.

In adverting to the recent loan effected for the Guicowar, I had no other object than to show, that money was obtainable by a native state on easier terms than those of the proposed Hyderabad loan, *and to suggest the practicability of terms, nearly as favourable, being procurable by the Nizam's minister.* Admitting that our interference with the Guicowar's internal administration has been carried beyond wholesome limits, I conceive myself to be justified in assuming, that the recurrence of an improper intervention has been guarded against, in the arrangements connected with the particular loan in question.

The pressure of time, and a disinclination to prolong the discussion, prevent me from enlarging further on the subject; but I have thought the few foregoing observations necessary in support of the view I take of the question under consideration. The opinion of the governor-general and Mr. Fendall being adverse to the loan from the British government, that proposition is, of course, negatived. I have stated in my former minute the course which, in that event, I conceive ought to be pursued, and it will remain to be decided by the majority of the board how far that course is expedient, or the reverse.

Fort-William, (Signed) J. Adam.
12th July 1820.

Mr. Fendall's third Minute.

I have perused the further minutes of the governor-general, Mr. Stuart, and Mr. Adam, upon the Hyderabad loan, and concurring, as I have the honour to do, in the sentiments expressed by his lordship upon the plan proposed by Mr. Adam, for effecting the loan, I have now only to repeat what I have before stated, that the safest and best mode this government can

pursue, is to close with the terms recommended by the Resident, and agreed to by the minister and the house of Messrs. William Palmer and Co.

Fort William, (Signed) JOHN FENDALL.
13th July, 1820.

Mr. Stuart's Fourth Minute.

Mr. Spankie's opinion, for which I have always a high respect, appears to me, on the present occasion, *I will not say wrong, but irrelative.*

The question to Mr. Spankie contains an assumption to which I cannot assent, *viz.* that the proposed advance implies either existing or anticipated surplus. If the proposed expenditure be expedient for promoting essential political interests, I cannot see that we must await or anticipate a surplus before we can legally incur it. That is the question I should desire to put to Mr. Spankie. The matter appears to me to turn not upon the appropriation of surplus, but upon the application of the revenues and funds of the state. Until all expenditure incident to the military, civil, and political government of India be supplied, there can, I imagine, be no question of a surplus or of its appropriation. This is my first impression of the legal view of the case; but the point will, of course, require mature consideration. What is there in the statute to prevent the government borrowing for such a purpose?

Fort William, (Signed) JAS. STUART.
14th July, 1820.

Mr. Adam's Third Minute.

I have only to remark on the subject of Mr. Spankie's opinion relative to the proposed loan to the Nizam's government, that I do not consider the appropriation of surplus revenue, either actual or prospective, to be involved in the question at issue. I regard the advance as an appropriation of the general funds of government for a presumed beneficial public purpose; but the arrangement being viewed with disapprobation, on political grounds, by the Governor-general and the majority of the Board, I should not imagine any further reference to the law officers necessary.

Fort William, (Signed) J. ADAM.
14th July, 1820.

Governor-general's Third Minute.

The sole substitute proposed by Mr. Stuart and Mr. Adam for the loan contemplated by the Nizam's minister, is one which (my own judgment being fortified by professional opinion), I must consider as entirely inadmissible. Those gentlemen endeavour to maintain, that the loan of sixty lacs to the Nizam would not be taken from surplus, but would come out of the current receipts; and they attempt to assimilate it with those moderate advances which we are in the habit of occasionally making for political purposes. With sincere respect for their sentiments, I must think they have overlooked an obvious difference. In the case of petty advances, if they fail to be repaid in the course of the year, they do not seriously affect the state of the account: but the abstraction of sixty lacs (professedly not to be returned for a considerable period) from the revenue, would, at the close of the year, exhibit a deficiency in the provision for the investment, which would exact replacement from the cash balance; so that it would be precisely the same thing as if the sum were taken at once from consolidated surplus. Mr. Stuart asks, what is there in the statute which forbids our borrowing the sum in question, in order to lend it to the Nizam? I apprehend the framers of the statute never thought it necessary to proscribe specially, that which would be a manifest perversion of our powers, already included within the general description of misconduct declared to be visitable by parliamentary chastisement.

As the matter now stands I am in a dilemma. Either I must abandon the principle which I at the outset adopted, of non-interference, or I must leave Rajah Chundoo Loll to feel himself deserted in the first hazardous step taken by him, through compliance with the instigation of this government. His now forbearing to carry into effect those reductions which he had announced, would be a triumph to his powerful adversaries, of such mischievous consequence, that I should be hopeless of bringing about any reform in the Nizam's administration, unless by measures, on our part, bearing an odious character of violence. I cannot hesitate in my choice. I must retract my profession, acknowledging that I was wrong, in ever letting a personal consideration induce me to withdraw myself from any part of my public duty.

Joining myself in opinion with Mr. Fendall, I decide upon giving to the loan that degree of countenance, which alone has been solicited by the house of William Palmer and Co., and recommended by the Resident.

Fort William, (Signed) Hastings.
14th July, 1820.

Mr. Stuart, in his minute of 10th June, (p. 37.), refuses his assent to the sanction of the loan, on precisely the same grounds he had advanced for objecting to the Aurungabad contract, *viz.* First, because he was not made acquainted *with "the rate of interest, or other advantages "stipulated by the House."* Secondly, from an undefined jealousy of increasing the importance of the House of W. Palmer and Co. He makes no reference whatever to the pressing and paramount importance of the object to the Nizam's country, by an immediate command and application of the money; nor to the uncontradicted assurance of Mr. Russell that it could be obtained by no other means. He seems to have made no appreciation of the advantages to the minister, but to have been solicitously jealous of any advantages to the House. He appears to have concluded, that whatever advantage accrued to the one, must necessarily be obtained to the injury of the other, as if no bargain could be made with mutual advantage to both its parties.

Mr. Fendall's first minute, in a view at once concise and comprehensive, exhibits the whole merits of the question before the council, and conclusively establishes the propriety of the sanction required.

In the minute of Lord Hastings, of the following day, the effect of Mr. Stuart's injurious suspicions towards Mr. Russell, upon the Governor-general's quick sense of honour and high feelings, is abundantly apparent. His Lordship appears to have felt that if Mr. Russell had been made the object of unjust suspicion and of unfounded calumny, his own family connection with one of the partners of the House, might with more colour be made the foundation of injurious suspicions, by men of Mr. Stuart's disposition. He therefore forces that connection upon record, as the ground on which he announces his intention to abstain from being a party to the decision of the council. But he

expounds, in a masterly manner, the powerful considerations of state-policy which should guide the determination of the other members of council; and calls upon those, who refuse their assent, to suggest an adequate substitute for the scheme.

If Lord Hastings' determination to abstain from voting be admitted to have been hasty and inconsiderate, (as it was afterwards deemed by himself,) it is impossible not to respect the feelings in which it originated. It ought to have filled with regret the gentleman, whose injurious conduct towards Mr. Russell had called for such a resolution on the part of the Governor-general.

Mr. Stuart, in his second minute, replies to the Governor-general's challenge for a substitute, by denying that he has refused his assent to the present plan, but only desires the decision to be suspended; and takes occasion to record his denial, not (be it observed) of his suspicions of Mr. Russell's integrity, but that his own opinions have been founded on any reference to that gentleman; and he concludes by an expression of regret, (which, if it means any thing at all, is a most offensive insinuation towards the Governor-general,) that his public duty may compel him to deny himself the happiness of indulging His Lordship's feelings of personal friendship for one of the partners of that House.

Mr. Adam, in page 47, records his adoption of Mr. Stuart's two grounds of objection, but admits the force of the Governor-general's call upon the dissentients for a substitute. He suggests an advance from the Company's treasury, a measure which had been hinted at indirectly by Mr. Stuart. Mr. Adam remarks, "that he had been struck by the following passage in Mr. Russell's letter. 'That the minister cannot obtain the requisite funds by 'any other means than the assistance of Messrs. Palmer 'and Co., whose circumstances enable them to secure a

'combination of the native monied interest.'" He eagerly misinterprets this passage into a ground for alarm and suspicion, and insinuation against the House; and actually states the very circumstance, which alone enabled the House to render an important service to the Nizam's government, viz. *the confidence of the native bankers in their integrity*, as a ground for his jealousy of them, and for his decision in favour of the money being obtained through any other channel.

If any evidence were wanting to mark distinctly the parts of this transaction, which were not the subject for the council's consideration, it would be found in the labyrinth of errors in which its members become involved, the moment they quit the political for the commercial parts of the question. It really excites a smile of pity to read the palpable blunders in which they all equally flounder in their calculations and deductions from the imperfect data before them, as to the rate of interest at which the money was to be advanced to the Nizam's minister.

Time and stationery without limit appear to have been consumed in contradicting and refuting each other, upon a matter that a broker's clerk could have settled for them in five minutes' calculation.

Their conjectures and their speculations upon the facility of raising money in a distant district, with the local, commercial, and pecuniary circumstances of which they appear to have been wholly unacquainted, are made the grounds on which they are to decide upon a question purely political, as far as the British interests were concerned. Not the interest of the Nizam's country, but the possible advantages to the House of Palmer and Co. appear to have alone arrested the attention of the dissentient members. Mr. Adam admits, that even after he shall have learnt what the interest is to be charged, he shall then decide whether he (fit judge!) deems the terms to be moderate; and there-

upon he will recommend, what? that *endeavours* be made to find the money upon easier terms elsewhere: and this he records with the unchallenged assertion of the Resident before him, "*that the money could be procured at Hyderabad* "*by no other means.*"

Lord Hastings, in his second minute, exposes the inadmissibility of an advance from the Company's treasury, founded on its inconsistency with the rule of conduct laid down by the Court of Directors, and with the council's recorded anxiety not to be involved in the necessity of interfering directly in the Nizam's government of his country, for which reason they had all along been so careful not to guarantee any loan to the minister of any description.

The Advocate-general, Mr. Spankie, is consulted upon the legality of the application of any such sum from the Company's treasury under the act of the 53d Geo. 3. cap. 155. sec. 55. to 61, and his opinion is given in the negative. Upon this decision, Mr. Stuart records, that he *considers it not wrong but irrelative*, and whimsically suggests in answer to it, that although the act forbids the lending of any of the surplus territorial revenue, yet that it does not prohibit such loan, if there be no surplus. A most ingenious device, truly, for escaping from and defeating the act. The law authorities in England (it will be seen, Hyd. Pap. p. 107.) did not sustain Mr. Stuart's legal reading of the act. Mr. Adam most happily and ignorantly concurs in Mr. Stuart's view of the legal bearing of the statute.

The Governor-general seems now to have become aware that he was culpably permitting the business of government to be trifled with, and, in the absence of any other feasible plan being suggested for attaining the important object to the Nizam, decides, on 15th July, by virtue of his casting voice, with that of Mr. Fendall, for the approval of the loan.

On the 1st September, 1820, Mr. Russell transmitted a

report, from which the following are extracts, on the effects which had resulted from the loan at that time on the administration of the Nizam's country.

7. Among the principal officers whom it has been found necessary to remove from their situations, I am sorry to be obliged to mention *the minister's own brother, Rajah Govind Buksh.*

8. *At Ellichpoor a relation of the minister, named Rao Rajah Ram, who, as Naib Subahdar, had charge of the Eastern portion of Berar, has also been removed from his office.*

9. Of the remaining districts resumed from the charge of Rao Rajah Ram, the minister has appointed his own son, Rajah Bala Pershaud, to be talookdar, the local duties being conducted by a very intelligent revenue officer of the name of Rao Vencat Row, whom the minister has chosen as his son's deputy. In my original report to your lordship on the subject of the condition of the Nizam's affairs, dated 24th November last, I enumerated the advantages with which I thought this particular arrangement would be attended. *It has now been adopted by the minister of his own accord, and is of itself, for the strongest of all reasons, a conclusive proof of the sincerity of his exertions to improve the country.*

35. The money raised by the minister on the loan, which has received your lordship's sanction, has been very judiciously applied, and has already accomplished much of the purpose for which it was designed.

36. A reduction of useless establishments has been effected, to the annual extent of between twenty-two and twenty-three lacs of rupees, on a plan similar in principle, though varying in detail from that enclosed in my despatch to the Secretary, dated the 19th of May last. Among these reductions are included 305 horse and 500 foot on the minister's own personal establishment, and 237 horse and 250 foot on that of his brother, Rajah Govind Buksh. All recruiting throughout the Nizam's army has been suspended, except in the regular and reformed troops, which are to be kept up at their full strength. The reductions which have hitherto been made have not, I believe, thrown any industrious or deserving individuals out of employ; and, by careful and gradual revision, they may undoubtedly be prosecuted to a much larger extent.

37. Advances have been made in all the different districts: and the minister being relieved from his most urgent embarrassments, has been enabled to allow large remissions in the revenue, without which it would have been utterly impracti-

cable, by any measures, to revive the prosperity of the country. Of the twenty lacs of rupees paid last year by Rulfat-ool Moolk's districts, the minister does not calculate, under the system of amaunee which has now been introduced into them, to realize above fifteen lacs this year. From Shums-ool Omrah's districts, which did yield about twenty-five lacs, he will not, perhaps, collect more than seventeen or eighteen.

38. After the measures which Rajah Chundoo Loll has already adopted, and the course he has pursued towards some of the most powerful persons in the state, including even his own brother, it can no longer be a question, whether he is cordially disposed to promote your lordship's views for correcting the abuses in the Nizam's affairs and ameliorating the condition of his country. But be his disposition what it might, it would have been impossible for him to act with either confidence or effect, without our encouragement and support. The evils he had to remove were not of common magnitude or recent origin: they were the result of remote causes, and had become inveterate from long standing. When I first travelled through the Nizam's country, upwards of twenty years ago, it was in a condition not substantially better than it is now; and my predecessor, Captain Sydenham, in his last despatch to the Earl of Minto, dated the 29th of May, 1810, only a few months after Rajah Chundoo Loll came into his present office, expressed his opinion on the subject in these strong terms:

39. "With regard to the amelioration of the state of this "country, I am convinced that during the reign of the pre-"sent Nizam no improvement can be expected, without the "administration of the country be placed under the control of "the Resident. The defects of the present government are "too deeply rooted, and too widely extended, to admit of any "partial reform: and it is, therefore, unfortunate, that the only "effectual remedy that can be applied, should be so much at "variance with our views and policy."

40. The minister, therefore, has had, and still has, to contend against all the disadvantages arising from the peculiarity of the Nizam's character, as well as to encounter at every step the active opposition, not only of the individuals, who having an immediate interest in the maintenance of abuses, are now suffering from their correction, but that of the whole faction associated with Mooneer-ool Moolk, who are personally and politically opposed to his administration. In this quarter, every possible effort has been made, and will continue to be made, to counteract his measures, by resistance, and intrigue, and misrepresentation.

42. It cannot be expected that the full practical effect of any extensive system should become immediately apparent. The process of correction and improvement is gradual in its nature. There are already, however, manifest proofs of a salutary impression having been made upon persons in authority, and of the people having acquired a confidence which they did not before feel in the disposition of their rulers. The following passage in a letter from Captain Seyer shows that the minister's decisive measures have produced their effect, even at places the most remote from the capital. The character given in it of the person who has been dismissed from the chief authority at Ellichpoor, is applicable to a large portion of the Nizam's local officers. "I am glad to find the minister has taken such decided steps regarding Ruffat-ool "Moolk: he was proverbially infamous for his tyranny and "oppression. Salabut Khan mentioned to me what had befallen him, in a way that showed the example was not lost "on him. Rajah Ram's recall to Hyderabad will be extremely "useful. He is weak, vain, and ostentatious; rapacious, not "out of the love of money, but merely to supply his profusion; perfectly indifferent to the welfare of the people committed to his charge; easily led, but unfortunately surrounded "by bad advisers. I have never found him at all unwilling to "attend to my suggestions; and the particular instances of "misconduct in his officers, or in himself, which I have brought "under his notice, have generally been redressed; but his constant want of money forces him into the practice of all sorts "of means to procure it, and he will, perhaps, meet a demand "for restitution to one man, by adopting similar violence to "that complained of to another."

48. I have confined my advice to the minister, on every occasion, to the correction of abuses, and have been careful to avoid recommending any measure in the shape of innovation. *We have not done justice, in our own system,* to the original institutions of the country. As strangers, we are hasty in condemning what we do not understand; and have often defeated our good intentions, by establishing our own arbitrary rules and methods, to the exclusion of those which have grown out of the circumstances of the people, and are inseparably blended with their manners and their opinions.

I have, &c.

(Signed) H. RUSSELL,
Resident.

Hyderabad,
1st September, 1820.

On the 16th December following, the supreme government, in replying to the court's imperative mandate of the 24th May, for the immediate recall of Messrs. Palmer and Co's. licence, communicated all the preceding details regarding the last loan of that house to the Nizam's minister.

The court is therein apprized, that their orders regarding the licence had been obeyed on the 16th of the same month. Previous to the execution of those orders, their consideration appears to have called for the following admissions from Mr. Stuart and Mr. Adam, as recorded in their several minutes of the 2d and 4th December. * Mr. Stuart says, " But the court's letter embraces the following " further instructions, ' *we think it necessary to add, that if* " *any discussion shall at any time arise between the Nizam's* " *government and the house of Messrs. W. Palmer and Co.* " *respecting any pecuniary transactions which may have taken* " *place between them, you are hereby positively prohibited* " *from interposing in any way whatever, the name, authority,* " *or good offices of any sort of the British government, for the* " *furtherance of any demands which those gentlemen may bring* " *forward.*' Messrs. Palmer and Co. have uniformly declared " that they could not venture to engage with a government " like that of Hyderabad, unless assured of the countenance " and support of the British government. In approving " the arrangements proposed by the house, accompanied " with such a declaration, this government has pledged " itself to sanction the required support. The instructions, " therefore, which I have cited from the court's letter, " could not reasonably or equitably be enforced, without " relieving the house from the engagements with the " Nizam's government.'

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* Hyd. Pap. p. 68, 69.

" Mr. Adam says, ' I am sensible at the same time, that " after the sanction given by the government to the trans- " actions of the house of W. Palmer and Co. with the " government of the Nizam, those orders could not be " carried into complete effect unless the house were to be " secured against the consequences of the act.' "

Notwithstanding these recorded opinions, the justness and moral force of which nobody can impugn, these papers record the almost incredible fact, that not only did the council not abstain from executing the orders of the court to the full extent of their unjustifiable spirit and letter, but encouraged by their tenor, they proceeded to further lengths, still more outrageous and unjust.

Not only did they subsequently leave this commercial house knowingly exposed to all the consequences of this hint to their native creditors, that they might withhold the payment of their just debts with impunity, but the Resident was directed to inform the house, " That in " the event of the minister taking upon himself to pay " the very debts, which he had under his own hand ac- " knowledged, and was still ready to acknowledge to be " due and just, a remonstrance against such misapplica- " tion of the public money should be made to his high- " ness the Nizam." A fact almost incredible, when it is avowed, without the fear of contradiction, that not the slightest ground or justification can be stated for the measure.

Mr. Russell retired from his post, as Resident at Hyderabad, in December, 1820, and Mr. Metcalfe, who had been for some time secretary to the government at Calcutta, replaced him in that station. This gentleman's first despatch is dated February 21st, 1821, and transmits a copy of the terms in which he had communicated to Messrs. Palmer and Co. the sudden and peremptory recall of the licence. Their letter in reply, points out the ne-

cessary consequences to their establishment, and details, in obedience to the Resident's directions, the several pecuniary advances, amounting to fifteen lacs, which they had made under the guarantee of the minister Chundoo Loll, independently of the loan and the Aurungabad advances.*

The Governor-general in council acknowledges the propriety of the nature of the above advances, in the following despatch of 10th February.

To C. T. Metcalfe, Esq., Resident at Hyderabad.†

Sir,

1. I am directed to acknowledge the receipt of your letter, dated the 21st ultimo; copy of one which you addressed to Messrs. William Palmer and Co., in consequence of instructions from this government, with a copy of the reply from that firm.

2. It was necessary towards the fulfilment of the above instructions, that your language should be strong and precise: but Messrs. William Palmer and Co. have erred, in construing the tenour of the third paragraph in your letter to be rigorous, if not oppressive. The pleasure of the Court of Directors has been signified, that no more loans should be made by the firm to the Nizam or his minister; and it was incumbent on his lordship in council to communicate the interdict in such terms, as should not leave room for any possible misapprehension. At the same time, nothing can be more remote from the intentions of this government, than to impose any shackle on the commercial dealings of the house. The prohibition could never be meant by the Honourable Court, or by the Governor-general in council, to apply to transactions purely commercial, even though they should be with the government of the Nizam. It is only requisite, in the latter case, that reference should be made to your judgment, lest the engagement should operate as an imposed invasion. The restrictions ought not to be considered by the house as conveying the shadow of imputation on their integrity. Perfectly sensible of the advantage

* Hyd. Pap. p. 146, 147.
† Hyder. Pap. p. 148.

reaped by the Nizam and his subjects from the aid furnished by Messrs. William Palmer and Co., the Governor-general in council cannot but be disposed to ascribe thorough fairness to their dealing, so that an oblique impeachment of their conduct would be altogether inconsistent.

3. The advances specified in the seven items enumerated by Messrs. William Palmer and Co., appear to the Governor-general in council consonant to the principles which had the general assent of this government. The faith plighted by the minister, that he would not, without answering to Messrs. William Palmer and Co. for the sum, dispossess the revenue of that tenure, on the strength of which alone the house furnished money to restore the cultivation of the district, in a simple and actual pledge, liable to no suspicion of incorrectness. A reliance on the honour of the minister, which is all the amount of reference to him, is not meant to be invalidated in those instances, the engagements having in them been made before any supposition could be entertained of an objection on the part of the Honourable Court to the transactions of the house generally with the Nizam's government. Such an objection having been signified it must be construed to extend (though possibly with some strain of interpretation) even to such an assurance from the minister as is above alluded to; consequently you are not to sanction, in future, any transaction involving his intervention, however restrictively.

4. The Governor-general in council requests that you will inform yourself, as minutely as may be, respecting the effects of the late loan from the house of William Palmer and Co. to the Nizam's government, and that you will report in what degree the satisfaction of the sovereign, the convenience of the government, and the comfort of the people, have been promoted by it. To this exposition you will please to add your view, how far the interests of the honourable company may have been affected, advantageously or otherwise, by these results.

I have, &c.

(Signed) G. Swinton,
Secretary to Government.

Calcutta,
February 10th, 1821.

To the subject of the last paragraph of the foregoing letter, Mr. Metcalfe replies in the following letters of the 17th March and 5th April.

To G. Swinton, Esq., Secretary in the Secret and Political Department.

Sir,

I have the honour to acknowledge the receipt of your despatch of the 10th ultimo, relating to Messrs. William Palmer and Co.

2. I have communicated to that firm the sentiments conveyed in the second and third paragraphs of your letter.

3. Of the effects of their late loan to the Nizam's government, on which I am commanded by your letter to report, I cannot speak without hesitation, because not having been here at the time when it was negociated, I may not be fully competent to appreciate the advantages which may have attended it.

4. I am directed by your letter to submit my opinion as to its effects, with reference to the following points: the satisfaction of the sovereign, the convenience of the government, the comfort of the people, and the interests of the Honourable Company.

5. As to the degree of satisfaction derived by the sovereign, I have never heard that he has expressed any opinion on the subject of the loan; and so much as he is abstracted from the affairs of his government, it will not be very surprising, if to this day he remains either ignorant, or but partially informed, of the circumstances of that transaction. In any event, his satisfaction, I imagine, must be entirely of a negative nature, arising from the continued payment of expences and supply of funds for his private treasury, which without that loan, or some other, must have been withheld. With regard to its consequences on public affairs, I do not believe that he has concerned himself about them.

6. The degree in which the convenience of the government may have been promoted, is a subject requiring more detail.

7. The government was undoubtedly relieved from much pecuniary embarrassment by the loan, and was enabled to pay off large arrears, which had accumulated in several branches of expenditure; but I have been disappointed in finding that the relief was not so much of a permanent nature as I had expected, and that the loan was not appropriated to the permanent reduction of expence to such an extent as I had supposed.

8. Previously to the receipt of your letter, I had called on the minister for an account of the expenditure of the money received in that loan; and the following *is the substance* of the account which he rendered.

	Hd. R.	A.	P.	Hd. R.	A.	P.
Amount of loan from Messrs. William Palmer and Co.				67,62,703	9	6
Deduct amount of former debts to Messrs. William Palmer and Co., which became consolidated in this loan				28,94,632	9	6
Remainder, applicable to the service of the state				38,68,071	0	0
Of which disbursed on account of establishments and charges which still continue:						
Arrears of Nizam's household	6,03,620	0	0			
Choute for Appa Dessye	68,360	0	0			
Purchase of arms and accoutrements	46,549	8	0			
				7,18,529	8	0
Remainder, after deducting the above				31,49,541	8	0
Tuckavy, or advances to the cultivators	2,35,000	0	0			
Debts to native bankers discharged	13,27,528	0	0			
Arrears of troops and other establishments, part of which are retained and part discharged	15,87,012	10	6			
				31,49,540	10	6
Deduct remainder unaccounted for — Hyderabad Rupees				0	13	6

9. The only items in this statement which can, in any de-

gree, have conduced *directly* to a reduction of expense, are those which relate to the payment of debts to native bankers, and to the payment of arrears to troops and establishments discharged.

10. The annual saving on the debt liquidated, compared with that simultaneously incurred to the same amount, according to the minister's statement, would be about rupees 79,582; for he informed me *verbally*, in answer to my enquiries on that point, that the difference between the interests payable to native bankers and that to the house of Messrs. William Palmer and Co. was six *per cent. per annum.*

11. With regard to the item relating to the payment of arrears to troops and other establishments, partly discharged and partly retained, it is impossible to distinguish, from the account rendered, what portion of the sum total, amounting to rupees 15,87,012, was conducive to the reduction of annual charge. The replies of the minister to my enquiries on this subject, were not clear nor satisfactory. All that I could extract from him was, that of the sum above-mentioned, no more than five or six lacs went to establishments retained, and that the rest went to establishments discharged. Omitting ten lacs on this account, it remains to be shown what amount of annual charge the disbursements of ten lacs enabled the government to reduce.

12. As a set-off against any reduction of expence that may be supposed to be the consequence of this loan, it must be considered that an annual charge is created by the loan of twelve lacs, on account of interest, at the rate of eighteen *per cent. per annum*, with the addition of four lacs as a sinking fund; in all sixteen lacs *per annum.*

13. Nevertheless, there is no doubt that the loan was most convenient to the Nizam's government at the time, and especially to the minister himself personally; and by enabling him to struggle through temporary difficulties and embarrassments, it may possibly prove the means of greatly assisting the restoration of prosperity in the country.

14. I think, however, that the Nizam's government is bound to exert itself to effect a reduction of the high interest of its public debt: and, with this view, I shall hereafter submit a proposition for the consideration of his Excellency the Governor-general in council.

15. It does not appear to me that the comfort of the people has been visibly promoted by the loan. It is not improbable that good may have been done, by the distribution of advances to the cultivators to the amount stated; and if I were sure that advances had been distributed truly, honestly, and judiciously,

I should conclude that good had been done; but no decided marks of it have come under my observation, and the general cry of complaint from all parts forbids the supposition of much having been done for the comfort of the people.

16. It does not strike me that the interests of the Honourable Company have been much affected, in any way, by the loan; disadvantageously, certainly not. But for the loan, the increasing embarrassments of the Nizam's government might have induced, perhaps must have induced, some other measures; and other measures might, perhaps, have been devised, more advantageous to the Nizam's interests, and so far indirectly to our own, than the one under discussion. It is, however, certainly some advantage gained, that the Nizam's government has been enabled to struggle on, without any sacrifice on our part, to its present position, from which, with proper measures, there is a prospect of future prosperity.

17. I offer my opinion on the subject of the advantages resulting from the loan with considerable diffidence, as it does not come up to that which was entertained by my predecessor. At the time of making the arrangement, it was stated by the minister that it would enable him to make reductions to the extent of twenty-five lacs per annum; which, sixteen lacs being assigned in payment of the loan, (*i.e.* interest and sinking fund) would occasion a yearly gain of nine lacs. If this has really been effected by the loan, there can be no doubt, I think, that the loan has been highly advantageous to the Nizam's government: I acknowledge that I am sceptical on this point, and that I am not much impressed with a belief of the correctness of the minister's statements; but I have not the means of disproving his assertions. I shall continue to watch the subject attentively, and shall be most happy at any time to have it in my power to report, that the reductions then promised were really accomplished. I am aiming at other reductions, which are necessary for the welfare of the state, and am told that they are in progress; but I am not yet satisfied that they are so. In such matters, the minister's character and conduct inspire great distrust; and even were he actually making a reduction with one hand, he would very probably be squandering the same amount uselessly with the other.

18. This despatch having so much relation to the transactions of Messrs. William Palmer and Co.'s house, it may not, perhaps, be out of place, if I submit one or two observations regarding them and their concerns.

19. The debt which they hold of the Nizam's government bears a very high interest, which it is desirable to reduce;

and in this particular alone, I think their interests and those of the Nizam's government opposed to each other, and that only under the supposition, that with the countenance of the British government it might not be difficult to raise money on better terms elsewhere; for here, without a guarantee, and perhaps even with it, money could not be procured for the Nizam's government on advantageous terms.

20. With this single exception of the high rate of interest, which I hope to see lowered, as its continuance is not consistent with the financial prosperity of the Nizam's government, I do not observe any thing in the transactions of the house requiring interference or restraint on the part of our government.

21. The enterprize of such a commercial establishment, and the efforts which it would make for its own benefit, must tend, I conceive, to promote the prosperity of the country; and I cannot discover any cause for alarm in its being allowed to have transactions with the Nizam's government, provided that, in these transactions, proper attention be paid by that government to its own interests, and that the firm of William Palmer and Co. be dealt with as any other firm would be.

22. With an extravagant minister like Chundoo Loll, uncontrolled in his expences, and anxious only to supply temporary wants without heed for the future, a firm, such as that of William Palmer and Co., if sufficiently adventurous to incur the risk, might in time have obtained a mortgage on the greater part of the Nizam's revenues; and as long as the British government took no interest in the internal management of his highness's affairs, there may have been reason to apprehend some such consequences from transactions with a house of such extensive influence; but since our government has agreed to interpose its advice in all branches of the Nizam's administration, there seems to be no room for any apprehension of that kind; and to preclude the Nizam's government from dealings with the first commercial establishment in his dominions, may be injurious, but cannot be advantageous to his affairs.

23. I should think it desirable, in every point of view, that this house should be as unfettered in its transactions as any other commercial concern, and that vigilance on our part should be exercised, not with a view to restrictions on the proceedings of the firm, but solely in order to guard the interests of the Nizam's government and our own, in those transactions in which they might be at variance with the interests of the house.

24. In the crude remarks herein submitted, I offer the

result of my local observations, without of course meaning to presume to discuss the propriety of the restrictive orders issued by the Honourable the Court of Directors.

I have, &c.

Hyderabad, 17th March, 1821. (Signed) C. T. Metcalfe, Resident.

To G. Swinton, Esq., Secretary, Secret and Political Department.

Sir,

1. In a recent despatch, I reported that I should soon submit for the consideration of his Excellency the Governor-general in council, a scheme for the reduction of the rate of interest of the public debt of the Nizam's government.

2. There seems to me a mode by which, under his lordship's sanction, this object could be accomplished with immense advantage to the Nizam's government, and with little, if any inconvenience to our own.

3. The most effectual mode which seems to me, is by opening the Honourable Company's treasuries for the receipt of money on loan to the Nizam, under a guarantee from the Governor-general in council for the regular payment of the interest by half-yearly instalments, and the eventual payment of the principal at the convenience of the Nizam's government, or if preferable, within a stated time.

4. The only inconvenience that strikes me as possible to arise from such a transaction, is the effect which it might produce on the value of the Company's notes in the market; but the effect, if any, would, I should imagine, be very slight and insignificant. On this point, however, I am not competent to form a judgment.

5. It may perhaps appear, at first sight, that the proposed guarantee on the part of the British government might be an inconvenience; but I hope to be able to show, that it would not be so in any degree, as long as we maintain our present power in India.

6. A virtual guarantee exists already with regard to the public debt of the Nizam's government, for with the least interference in his highness's affairs, it is impossible that the British Resident can sanction or tolerate any breach of faith

towards the public creditors. If the Nizam's government had no public debt, and could be prevented from contracting one, the expediency of guaranteeing or sanctioning any loan might be questionable; but when, by the intimacy of our connection with the state, we virtually guarantee the payment of eighteen and twenty-four per cent. interest on existing debt, it does not appear to me that there is any ground, on this score, for hesitation, as to an avowed guarantee of a loan at a rate of interest better suited to the state of the money-market in India.

7. Moreover we have in our hands the means of securing the regular payment of the interest, and the eventual liquidation of the principal of such a loan, without the necessity of a word of discussion on the subject at the Nizam's court, at any future period, which I proceed to demonstrate.

8. I presume that, in the present state of the money-market, with the confidence which the avowed guarantee of the British government would inspire, money might be obtained at six per cent. interest. We at present pay to the Nizam, through the hands of the Resident, what is termed a peshcush, or tribute, of seven lacs of rupees, on account of the northern Circars. Herein we have the means of securing the regular payment of the interest of any loan contracted under our guarantee. The amount required by the Nizam's government to pay off its present debts might be eighty or ninety, or at the utmost one hundred lacs. The minister's accounts would make it appear, that the least of the sums would suffice; but the interest on the largest would be six lacs, leaving at least some surplus in our hands as a sinking fund. We have only, therefore, to appropriate the peshcush to the payment of the interest of the loan, and that point would be settled without further trouble. By the same means, the liquidation of the principal would be gradually effected, or it might be expedited, at the convenience of the Nizam's government, from other resources, which I conceive would be advisable.

9. If the principles on which I have advocated the measure hereby proposed be admitted, the details of its execution would not, I apprehend, be difficult. The more they were made to resemble those of our own loans, the greater it may be supposed would be the confidence of the public in the transaction.

10. Considering, on the one hand, the benefit of the Nizam's government, which would be so greatly promoted by the reduction of the interest of its public debt from twenty-four and eighteen, to six per cent., and, on the other hand, the easy means by which the British government could confer so great a boon on its ally, the arrangement, with respect to these parties, appears to me to be unobjectionable; and I hope that it may

appear in the same light to his Excellency the Governor-general in council.

11. There is, however, another party concerned, whose interests would necessarily be affected by such an arrangement, and are, therefore, entitled to consideration. I mean the Nizam's present creditors: and in speaking of the Nizam's creditors, one's thoughts turn instantly towards Messrs. William Palmer and Co., who are almost the sole creditors of the Nizam's government, or who at least hold debt to the amount of sixty-seven lacs of rupees.

12. I thought it due to them, as they were so deeply interested, to communicate to them my intention of submitting the present proposition, in order that they might be prepared for the measure, if it should be carried into effect, or have an opportunity of objecting to it, if they regarded it as a violation of their rights, or so injurious to their interests as to entitle them to peculiar consideration in managing its details.

13. I entertained the hope, that they might have other means of disposing of their capital eqnally advantageous; but, in the communications which have ensued since the intimation of my views, it has appeared, that they do not contemplate the possibility of such means, and that they would consider the discharge of the loan as extremely disadvantageous.

13A. It appears that they relied on the continuance of the advantages which they derive from the existing loan for at least the period at the end of which it was to be discharged, according to the provisions originally devised for its liquidation; that, in this confidence, they withdrew their funds from other transactions, in order to consolidate them in this one, and that they could not now return, with benefit, to those transactions from which they then withdrew.

14. It seems that, in raising money for this loan, they encountered some difficulties, and were in some instances obliged to pay higher interest than they received, and that they looked for their profit more to the later than the early period of the loan's duration.

15. It is not necessary to argue, that there was not any actual contract, on the part of the Nizam's government, for the duration of the loan for any definite period, as they do not assert that there was, and admit that the Nizam would have been at liberty to pay it off at any time from his own treasury; but as they knew that such an event, owing to his disposition for hoarding, was most improbable, they seem to have reckoned on the duration of the loan for a certain period, almost as if there had been a contract to that effect, and to have taken their measures accordingly.

16. They allege, that at a time when the Nizam's government could not obtain money elsewhere, they advanced it at a tremendous risk, before any sanction had been obtained from the British government.

17. On the grounds stated in the preceding paragraphs, they rest claims on the Nizam's government: and it appears to me that they may be deemed entitled to liberal consideration, not to the extent of injuring the Nizam's government by a continuation of the high rate of interest attached to the existing debt, supposing that a loan could be negotiated on more moderate terms, but in the way of compensation for the loss of their present profits, if, at the same time, the Nizam's government can be sufficiently benefited.

18. It is to be considered, that the Nizam's government is paying now not only the profits of Messrs. William Palmer and Co., but the difference between the ordinary rate of interest at our presidencies and the high rate which that house pays to their constituents, from whom the money for the loan was borrowed; so that it would be a great advantage to the Nizam's government to get rid of this loan, if money could be obtained at the ordinary rate of interest, even though it were to continue to pay to Messrs. William Palmer and Co. the whole amount of their profits.

19. In offering my opinion, that compensation to some extent to Messrs. William Palmer and Co. would be an act of liberal justice on the part of the Nizam's government, I am at a loss, I confess, as to forming any judgment of the precise amount which it might be right to appropriate to this purpose. The Nizam's government acknowledges its obligations to the house, and is ready to agree to whatever may be proposed. There would be no difficulty in that quarter; but taking into consideration their present profits, their possible losses, and their former risks, I find it very difficult to determine what would be a suitable compensation.

20. I stated in a former report, that eighteen per cent. was the interest received by Messrs. Palmer and Co. from the Nizam's government. I was not aware at that time, but have since been informed by the minister, that at the time of negociating the loan, a bonus was allowed of eight lacs. This sum now forms a part of the capital of the debt, and whenever paid off, will be in excess to the amount actually borrowed. It bears interest, I conclude, like the rest of the loan. This being part of a past transaction, is only mentioned here, because it is proper to submit all the information that I possess on the subject: it should have been mentioned in my former report regarding the loan, had it been in my knowledge at the

time. This being an advantage already gained, will not, I suppose, be considered in the light of a compensation for the loss of other advantages now in hand.

21. What should be the extent of compensation for the loss of about six per cent. annual profit on sixty-seven lacs, is to be considered. This six per cent. profit would be about four lacs per annum, till such time as the debt should be paid off, which I consider to be uncertain, otherwise than by the means proposed in this despatch; for I doubt the power of the Nizam's government to appropriate sixteen lacs per annum for the interest and sinking fund of this loan, without incurring further debt. If sixteen lacs could be annually applied for those purposes, the profit of four lacs would, of course, suffer annual diminution.

22. I understand, from communications with Messrs. William Palmer and Co., that a payment of one lac and a half of rupees per annum for four years, would reconcile them to the discharge of their loan, and be considered by them as very liberal treatment; though, for their own interests, they would prefer that matters should stand as they are.

23. This may appear a very liberal compensation, but the advantage to the Nizam's government would still be very great and, if any compensation is to be offered on so large a concern, it could hardly be less than that stated.

24. The gain to the Nizam's government would be as follows:

Interest on the debt to Messrs. William Palmer and Co. at eighteen per cent............Rupees	1,200,000
Interest on the debt to Messrs. William Palmer and Co. at six per cent..............................	400,000
Difference in favour of the Nizam's government	800,000
Deduct proposed compensation to Messrs. William Palmer and Co. for four years.............	150,000
The gain would, notwithstanding, be......Rupees	650,000

per annum for that period, and eight lacs for the rest of the probable duration of the debt, supposing the present rate of interest to continue.

25. It would, I conceive, be gratifying to the Nizam's government to have the loan transaction with Messrs. William Palmer and Co., if it can be terminated with benefit to his highness's affairs, so terminated as not to give to that house any just cause for reproach. And for myself, though I must crave indulgence for intruding my own feelings, it would, I acknowledge, be a great relief to me, to reflect that my duty

had been accomplished, without excessive injury to those whose interests must unavoidably in some degree be affected, if the plan proposed in this despatch should be carried into effect.

26. As it is understood to be personally in the Nizam's power to pay off all the debts of his government, it may be asked why any assistance on the part of the British government should be called for for that purpose. The only answer is, that, in reality, the Nizam takes little or no interest in the affairs of his government; that he looks on his hoard as personal property, which is not to be touched for the use of the state, and that there is no hope of overcoming his reluctance on this point. I have discussed this matter with the minister, and he is not inclined to venture to propose to his highness the payment of any part of the debt from his private hoard. If the Nizam's government is to be befriended and benefited, it must be done for the sake of good itself, in opposition almost to those who ought to be most zealous in the undertaking. Here is a prince who takes little or no concern in the government; a prime minister who, if possible, takes less; a deputy, who is absolute, but whose administration has been of the most depraved and most mischievous description, who requires continual goading to do the least good, and has an invincible tendency towards sliding back to evil, and from whom there would not be the slightest hope of co-operation for any beneficial purpose, were it not that he is submissive to the power whose support is necessary for his political existence. On this submission rests my hopes, that good will be done for the Nizam's subjects in spite of the defects of his government.

27. If any objection unseen by me should lead his Excellency the Governor-general in council to reject the proposition which I have submitted, some benefit may still be gained for the Nizam's government, if I be permitted to exert myself to obtain money at a lower rate of interest than that which is at present paid; but the success of my endeavours in that way can neither be so complete nor so certain, as that which would attend the execution of the plan herein proposed; and while the gain to the Nizam's government would be less, the loss to the present creditors would be greater, from its not being so much in the power of the government to afford compensation.

I have, &c.

Hyderabad, (Signed) C. T. Metcalfe,
5th April, 1821. Resident.

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* Hyder. Pap. p. 190 to 197.

The following observations suggest themselves upon the three foregoing letters.

1st. In the supreme government's despatch there is a distinct declaration, that the Court of Directors' inhibition of all further pecuniary transactions between the house and the Nizam's government, was meant to be confined to advances of money alone, and not to interfere with transactions purely commercial, although with the said government.

2nd. Full testimony is borne to the thorough fairness of the dealings of the house, as far as was known to the council up to this period.

3rd. The declaration is equally distinct, that no oblique impeachment of any part of its conduct was to be implied from the recall of the licence.

4th. An acknowledgement is recorded, that the council was sensible of the advantage which the Nizam and his subjects had derived from the aid which had been furnished by Messrs. Palmer and Co.

5th. It is distinctly admitted that the minister's plighted faith for the fulfilment of all engagements, into which he had already entered with the house, was not meant by the court, or by the council, to be in any way invalidated. Thus in the latter passage sanctioning the sentiments previously recorded by Mr. Stuart and Mr. Adam.

The two letters from Mr. Metcalfe are fully confirmatory of the report which Mr. Russell had made on the 1st September of the beneficial effects from the loan, which was completed in August, 1820, although the advances on account of it had been making from the preceding March. In the first of these despatches Mr. Metcalfe announces,

1st. That the Nizam's government had been undoubtedly relieved from much pecuniary embarrassment by the loan.

2nd. That it had been enabled to pay off large arrears.

3d. That it enabled the minister to struggle through

temporary difficulties and embarrassments, and might prove the means of greatly assisting the restoration of the prosperity of the country.

4th. That the interests of the Honourable Company had certainly *not* been affected disadvantageously by it.

5th. That the comforts of the people did not appear to have been *visibly* promoted by it. But that if the advances to the cultivators have been honestly distributed, he concludes that good must have been done. He then adverts to the debt of the Nizam's government to Messrs. Palmer and Co., which, bearing high interest, he thinks it would be desirable to reduce, and he suggests, that with the assistance of the British goverment, money might be raised on better terms elsewhere, " for here," he adds, " without that " guarantee, and perhaps even with it, money could not be " procured by the Nizam on advantageous terms."

He says, *that in this particular alone* of the rate of interest, does he think that the interests of the house, and those of the Nizam's government, are opposed to each other; in other words, that a debtor and creditor have not, in all respects, one and the same interest; for he distinctly records " that the enterprize of such a house, " and its efforts for its own interest, must tend to promote " the prosperity of the country;" and he cannot discover any cause of alarm in its being allowed to have transactions with the Nizam's government, provided that the government attends to its own interest, and the firm be dealt with as any other firm could be.

He answers all the objections arising from groundless alarm on this head which had been sounded by Mr. Stuart and Mr. Adam, whilst he (Mr. M.) had been secretary to government, at the time the loan was sanctioned, and states, " *that to preclude the Nizam's government from* " *dealings with the first commercial establishment in his do-* " *minions, may be injurious; but cannot be advantageous to* " *his affairs.*"

It is right to notice here, that Mr. Metcalfe, in the *substance* (which alone he professes to give,) of the accounts received from the minister has himself made a palpable mistake, which he afterwards attempts to father on the minister as a wilful mis-statement. He states the minister to have given him *the amount of the loan* received from Messrs. Palmer and Co. at sixty-seven lacs. The minister stated no such thing. He stated that the whole amount of the money he had received from the house, up to the completion of the loan, was sixty-seven lacs; and this will be found by the printed accounts to be correct. The loan, which was completed on the 11th August, was fifty-two lacs, the diminished sum to which it was agreed to be reduced; and the balance due to the house for advances made up to that time, was fifteen lacs over and above the loan, making together sixty-seven lacs.

In his foregoing despatch of the 5th April, Mr. Metcalfe submits his project for the British government to raise a loan at the presidencies at six per cent. for the Nizam, to enable him to discharge his present debt, bearing a higher rate of interest. He endeavours to meet the objection to the British government becoming involved in all the consequences of a guarantee, by stating that, seeing the actual interference in his highness's affairs, *he considers it a moral impossibility that the British Resident can sanction or tolerate any breach of faith towards its public creditors.** He then proceeds to consider what would be the effect on Messrs. W. Palmer and Co.'s contract for six years, which had been already acted upon, and justly concludes that they ought to be held harmless from any injurious effect of the sudden return upon their hands of a large capital which they had partly borrowed and partly abstracted

* The moral impossibility he afterwards was himself the instrument of disproving.

from other advantageous employment, to meet the Nizam's purposes. He incidentally mentions the bonus of the eight lacs, as a part of the loan transaction, to which he makes not the slightest objection. Yet it was clearly a new circumstance to himself; it had not been known at the council board, at which he had been present when the loan was sanctioned, and must, therefore, have arrested his attention if it were objectionable. His comments on it clearly indicate, that at that time neither in itself nor in the circumstance of its not having been made known to the council, did he find the least cause for blame. He states that the government of the Nizam would be equally gratified with himself, that in any such plan as he proposes, Messrs. W. Palmer and Co. should not meet with loss or disappointment in return for the important relief they had afforded to the native government's necessities. These sentiments and views form a notable contrast with the opinions and conduct exhibited by this gentleman, at a subsequent period.

The proposal contained in the latter despatch of Mr. Metcalfe, appears from the recorded minutes of the Governor-general, Mr. Adam, and Mr. Fendall, to have been rejected by a majority of the council; and a proposal of Mr. Fendall for the absolute purchase or redemption of the peshcush, or annual payment of seven lacs by the British government to the Nizam, in order thereby to furnish a large sum of ready money to the Nizam's minister, appears to have been the subject of discussion and of reference to the Advocate-general, during the months of June, July, and August. The questionable legality of the measure, in reference to the appropriation clause of the 53d Geo. 3., which was afterwards sustained by the legal advisers at home, appears to have been the objection to its having been adopted.*

On the 10th June, 1821, and pending those discussions,

* See Hyd. Pap. pp. 198 to 213.

Lord Hastings addressed the following private letter to Sir Wm. Rumbold.

To Sir William Rumbold, Bart.

My dear Sir William,

It is difficult for me to make you comprehend the unpleasant discussions which have been within this fortnight past recorded, with regard to the pecuniary engagements between the house of William Palmer and Co. and the Nizam. The whole has originated in these underhand suggestions of Mr. Stuart, which a false delicacy towards him prevented my exposing. They made impressions on others, who, acting on the erroneous persuasion, staked themselves in a manner which makes them flounder obstinately now, in order to preserve consistency. Much advantage is given to them by an apparent (I am sure not a real) want of frankness on the part of your house. I apprized you long ago that it was expedient for the firm to define, upon oath, whether or not any British public functionary had at any time had pecuniary transactions with the house which could influence him in countenancing your dealings with the Nizam's government. The evitation of so simple a declaration is awkward, even in the eyes of me, who have so strong a belief in the honour of your proceedings. Though Mr. Stuart declared he had never thrown on Mr. Russell the imputation of a secret understanding with you, peculiar circumstances convince me that such a suspicion was communicated to persons at home, and was received with ready faith.

It depends on the house whether I also must not admit doubts.

Sincerely yours,

Barrackpore, (Signed) HASTINGS.
10th June, 1821.

To this letter Sir Wm. Rumbold thus replied on the 26th, enclosing the affidavit subjoined.

To the Most Noble the Marquis of Hastings, &c. &c.

My dear Lord,

I trust the enclosed affidavit will satisfy your lordship, that any backwardness we may have shown to make the declaration required, did not arise from any such motive as you have thought possible. It is a difficult thing for people who have had such numerous and extensive transactions to take so

sweeping an oath. If I could have said roundly, that none but the partners of the house had had any advantage in any of our dealings, I should have sent the declaration long ago; but this I could not do: for we have frequently been obliged to resort to friends for accommodations, and if we have given them any benefit for their assistance, it has been from motives purely disinterested and honest. The enclosed paper proves that those friends have not been the persons whom it is your object to be satisfied about, and it would be very hard that we should be obliged to injure them by our declaration. I say, "injure them," because nearly any person in this country may be termed a public functionary, being in the Company's civil or military service; and I believe, strictly speaking, no such persons ought to have any dealings, which could be in any way construed into mercantile ones, and that if we were not to make the exception we have made, we should find it difficult to take the oath at all.

I have, &c.

Hyderabad, (Signed) WM. RUMBOLD,
26th June, 1821.

Affidavit by William Palmer, Esq. and Sir William Rumbold.

We, the undersigned, William Palmer and William Rumbold, do hereby make oath and declare, that the partners of our house at Hyderabad, called by the name of William Palmer and Co., are as follow. William Palmer, Esq., Sir William Rumbold, Bart., Hastings Palmer, Esq., George Lamb, Esq., and Bunketty Dos, and that no other persons of any description have, directly or indirectly, any partnership with us, or any interest in any concerns, beyond such as the public has in every other house of agency. We further declare, that no public functionary, at the head of any public office or department, ever had any avowed or direct partnership, directly or indirectly, with us, or any interest in our concerns, which could influence him in countenancing our dealings with the Nizam's government, or give him any means of deriving any personal advantage from them.

We think it proper to add, that several individuals, natives and Europeans, who supported us with their capital at the commencement of our establishment, did, in consequence of such accommodation to us, derive benefits from our house. These were, however, such as we gave them from private friendship, or a sense of private and pecuniary obligations to them; but we repeat, that although we have made this declaration for the purpose of being perfectly explicit, no

person or resident at the head of any public office or department of government, or any one to whom we looked for public support or influence, have had any such benefit: and that no persons, of any description, but the above named partners of our house, have been associated with us in any way, since the time we first entered into treaty for the loan we negotiated for the Nizam's government.

(Signed) Wm. Palmer,
Wm. Rumbold.

Sworn before me, this 26th day of June, 1821.

(Signed) Hans Sotheby,
First Assistant to the Resident, (Mr. Metcalfe being absent.)

As this affidavit has been made the subject of the most unfounded calumny, particular attention is challenged to the document itself, as well as to the foregoing correspondence, which called for and accompanied its transmission.

Lord Hastings, though evidently having intended to describe rather than name Mr. Russell as the person alluded to, does incidentally, by his allusion to Mr. Stuart, positively fix the late Resident as the only person to whom his enquiries related, and about whom his doubts might be excited. That this was so understood by Sir Wm. Rumbold and Mr. Palmer is clearly proved, not only by the instrument itself, but by the letter which accompanied its transmission.

It has been said, that the affidavit was framed for the purpose of misleading the reader of it into the belief, that no person whatever, connected with the residency, was a partner in the House. The slightest attention to the instrument will show, that the only anxiety displayed in the wording of it, is to prevent that error. It strictly limits the denial to any person *at the head of a department* But for whose eye alone was the affidavit meant? whose doubts was it to remove? and on what point? Those of Lord Hastings alone, in regard to Mr. Russell alone. It is in its terms an echo to his lordship's expressions of enquiry.

The document, though introduced and recorded twelve months afterwards by Lord Hastings, was never intended to be so by the parties attesting. If at all recorded, it ought to have been recorded together with the letter which called for and accompanied it. Without these it was an imperfect instrument, and very likely to mislead. In fact, the misconceptions and unjust imputations which resulted from this act of Lord Hastings were not unnatural, but are nevertheless wholly without foundation.* The affidavit was recorded by Lord Hastings in May 1822, apparently for the purpose of directly meeting some calumnies which had been at that time revived and repeated regarding Mr. Russell.

Immediately after writing his despatch of the 5th April, Mr. Metcalfe appears to have made his first tour through the provinces of the Nizam's country. His second was from the middle of January, 1822, to the end of the following May, as stated in his despatch of the 20th June.

Previously, however, to noticing the contents of this despatch, it may be mentioned that *the contents and date* challenge particular notice. It contains the first indication of Mr. Metcalfe's hostile feelings towards either Chundoo Loll, or to Messrs. William Palmer and Co.

On the 7th of the same month, orders had been despatched to the residency from Calcutta (in obedience to the Court of Directors' remarkable letter of the 28th Nov. 1821) requiring that the payment by Messrs. William Palmer and Co., of the Nizam's troops at Aurungabad, should forthwith cease.

On the contents of this letter it is only necessary here to remark, that it is dictated by the same spirit, and that its tone and commands are equally peremptory and unjust with those of its brother despatch of 24th May, 1820, which decreed the instant recall of the licence of 1816. As little

* Eleven months after it was made.

reference appears to have been made by the Directors to the effect of this order, either on the Nizam's country, or on the house of William Palmer and Co. It was called for by no recorded imputation against the fairness and propriety of the dealings of the firm in this or in any other transaction; and it was issued with the full knowledge that the House had been acting under the sanction and approval of the supreme government and of its Resident. The exhibition of their contemptuous treatment of their government at Calcutta is worthy of and consistent with themselves alone.

On the 5th July, Mr. Metcalfe reports his execution of the orders transmitted, which he appears to have obeyed by drily communicating an extract of the despatch he had received. A marked change is to be observed in his views and opinions in every thing that relates to the House of W. Palmer and Co.; they form a striking contrast to those of his despatches of March and April, 1821, on the self-same subjects, previous to his expeditions through the provinces of the Nizam's country.

When he received the Court of Directors' orders, in March, 1821, for the recall of the licence, he had not hesitated to transmit to Calcutta a long series of comments on the unfitness of those commands; and to point out the impossibility of the Court's having meant them to be literally executed, when they knew that all the transactions of the House had received the sanction of the supreme government. So strongly had he felt, and so clearly had he demonstrated the outrageous injustice of the concluding paragraph of that memorable mandate, that he found it necessary to terminate his despatch with the following disclaimer: " In these crude remarks herein submitted, I " offer the result of my local observation; without, of " course, meaning to discuss the propriety of the restric- " tive orders issued by the Honourable Court of Di- " rectors." *

* Hyd. Pap. p. 161.

The very abrupt manner in which he now thought it proper to discharge his official duty, occasioned the following letter to be addressed to the council at Calcutta by Mr. John Palmer of that city.

To the Most Noble the Marquis of Hastings, K. G. &c. &c. &c.*

My Lord,

From communications just made to me by Messrs. William Palmer and Co., of Hyderabad, consequent to the injunction conveyed to them by the Resident to terminate immediately their arrangements with his Highness the Nizam's minister for paying his highness's military force at Aurungabad, it would appear that they are led to harbour the most lively apprehension of ruin to their establishment, unless the immediate intervention of your lordship's protection be afforded them, inasmuch as the implied loss of credit, and of that countenance and encouragement they have from the first prescriptively enjoyed from the supreme government, threaten them with a shock they may be altogether unable to resist.

2. I have the honour to submit a copy of the Resident's letter to Messrs. William Palmer and Co., and of the extract of the instructions from your lordship's government which accompanied it, and to intimate, that this was the first communication upon so important a subject to Messrs. William Palmer and Co., and to acquaint your lordship, that, with a view of averting the effects of your lordship's order on the 27th June, two of the members of their firm waited upon the Resident, to solicit some qualification in the execution of such abrupt and peremptory commands, but, as they inform me, without effect, the imminent and immediate danger they dreaded from the measure making no impression on his mind.

3. I am not sufficiently informed of the nature of Messrs. William Palmer and Co.'s engagements for paying the troops of his Highness the Nizam; but if they received the sanction of the supreme government, virtual or implied, I humbly submit to your lordship, that they cannot be unentitled to protection, until those engagements are faithfully fulfilled; and that, in consideration of their having established a branch of their house at Aurungabad, for the express purpose of giving full effect to those engagements, they are not unentitled to any lenient modification of the Honourable the Court of Directors' orders, which shall shelter them from prejudice, injury, or loss.

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* Hyder. Pap. p. 159, 160.

4. Under the operation of this peremptory injunction, Messrs. William Palmer and Co. are penetrated with a dread, that all persons having current pecuniary transactions with them will instantly press their demands, in the persuasion that so signal a proceeding is a clear manifestation of their disgrace with the supreme government, and that they no longer deserve the protection they have hitherto enjoyed. And were the consequent injury only inflicted on themselves, I should venture to hope that it would be grateful to your lordship's feelings to avert it; but as it involves the property and interests of all their connections, they feel justified in appealing to your lordship for whatever succour the case admits of.

5. Messrs. William Palmer and Co. feel the singular severity of not only having their engagements suddenly cancelled, under denounced penalties, to such amongst them as are obnoxious to the statute, but the guarantees on which they rested for security in their dealings with the Nizam's government are wrested from them, and they are left to realize or recover their advances to his Highness's troops how they may. They conceive that, in this particular, some confusion must have crept into the orders of the honourable court or of the supreme government, inasmuch as it does not seem consistent with justice, that they should at once be removed from their position, and deprived of the securities voluntarily offered them by the Nizam's government at the instance of our own, and that this apparent proscription shall be applicable to all their other transactions with the Nizam's minister. Such a construction of the Honourable Court's orders would seem still more inconsistent with those liberal sentiments which have always distinguished its measures, in relation to the interests and concerns of individuals*, deprecate its pernicious influence on their credit and prosperity.

6. If it might be assumed that the government of Hyderabad was neither arbitrary nor capricious, the credit of Messrs. William Palmer and Co.'s establishment would not require the impression, that it possessed the countenance and protection of the supreme government, nor might it suffer any irreparable injury from the implied forfeiture of that honourable distinction: but if its minister be interdicted all dealings with Messrs. William Palmer and Co., without a stipulation for his faithful adjustment of all existing accounts, they are brought into such disadvantageous relations with him, that they can never rationally hope for the discharge of any balances which may be due to them.

* Some words are obviously omitted here in the original manuscript, the import of which may be easily collected from the context.

7. Messrs. William Palmer and Co. allege, that on a former occasion, when the discharge of their loan to the Nizam was only a topic of conversation, they had a run upon their house, which they met with considerable difficulty and extraordinary sacrifices. They therefore view with terror the torrent which may rush in upon them, under this signal instance of apparently lost protection.

I have, &c.

Calcutta, (Signed) J. Palmer.
14th July, 1822.

In consequence of the foregoing letter, the council agreed unanimously, on the 17th July, to transmit the following directions to Hyderabad.*

To C. T. Metcalfe, Esq., Resident at Hyderabad.

Sir,

1. The Governor-general has received a very urgent representation, on the part of Messrs. William Palmer and Co., of the apprehended injury to their credit, and to the stability of their establishments, from the promulgation of the orders conveyed to you in my despatch of the 7th June, as creating an impression that they had forfeited the protection of the British government generally.

2. The Honourable the Court of Directors having, in their instructions to this government, on which those orders were founded, distinctly expressed a desire, that the execution of the measures which they have felt it their duty to present, with relation to that firm, shall be so regulated as not to injure its credit, and having indeed manifested a generous anxiety upon the point, the Governor-general in council, with a just participation of the feeling, considers it necessary to direct, that you shall formally apprise Rajah Chundoo Loll the tenour of the Court's orders referred only to pecuniary transactions between the house and the Nizam, or his government. You will please further to explain, that with those exceptions, the countenance of the British government has not been in any degree withdrawn from the house, but that the house continues to enjoy it in regard to its ordinary banking and commercial dealings within his highness's dominions, not involving,

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* Hyder. Pap. p. 163, 164.

directly or indirectly, the guarantee of the minister or the responsibility of the public revenues of the state.

3. The Governor-general in council thinks it probable that you have represented to the minister the obligation on his honour and good faith, to make as early payment of the balance due on the unadjusted accounts of the house, which have been ordered to be brought to a close, as the paramount exigencies of the state will admit; for the Honourable the Court has expressly defined its notion of a close to the arrangement, to consist in the restoration of the tunkhas by the house of William Palmer and Co., as soon as the advances made by that firm on the Aurungabad account shall have been repaid. That degree of interposition, as referring to arrangements made before the receipt of the positive inhibition from home, will be equally consonant to the pleasure of the Honourable Court and the disposition of the Governor-general in council.

4. In your letter of the 20th June, you allude to some debt to the house from the minister, standing at twenty-four per cent. interest, distinct from either the Aurungabad arrangement or the loan of sixty lacs. Were this a personal account of the minister's with the house as his bankers, you would scarcely have called the attention of government to a matter with which it could have no concern; but, by the context, it is judged that you mean to indicate it as connected with some public transaction, on which account government must desire information respecting it.

I have, &c.

Calcutta, (Signed) G. Swinton,
17th July, 1822. Secretary to the Government

In his reply to this reproof Mr. Metcalfe appears to have been no longer able to restrain within his own bosom the hostile feelings which he now entertained towards W. Palmer and Co. He does not hesitate, in a tone full of flippant disrespect to the council, and full of malicious insinuation against the House, to assure the government they need be under no apprehension of the minister's not fulfilling his engagements to them, for that every pressing demand in that country is postponed to their interests; *and that he has observed, ever since he came to Hyderabad, a*

persuasion of their power and influence, which will continue to ensure them every possible advantage.

It will be as well at this place to expose at once the cause of this new hostility, and the intrigue, in the defeat of which it had its origin.

On Mr. M.'s return at the end of May from his second tour, the assistant Resident (Lieutenant Barnett,) he states, met him at one or two marches from Hyderabad, and informed him that he (L. B.) had, a few days before, received a note from Chundoo Loll, the contents of which he described to him. This note, (to be found at page 174 of the Hyd. Pap.) submits a proposal to borrow thirty-five lacs of rupees from the British government, at a low rate of interest, in order to pay off a part of the minister's debt to Messrs. William Palmer and Co.; and contains an able and powerful remonstrance or appeal against Mr. Metcalfe's whole course of open and direct interference in the internal government of the country, which the minister therein expressly states to have been written for the information of, and for the purpose of being forwarded to, the supreme government at Calcutta. A copy of this note the minister (having in vain waited two months for a compliance with his request) forwarded, through Mr. William Palmer, in a letter addressed by himself to the Governor-general in council. Mr. Metcalfe learnt, from Lieutenant Barnett, that the note had been delivered to him shortly after an interview between the minister and Messrs. William Palmer and Co.; *and Mr. Metcalfe's suspicions were immediately carried towards those gentlemen as the instigators of the proceeding.* * Lieutenant Barnett could not have failed, at the same time, to point out to Mr. Metcalfe some of the immediate effects of his arbitrary interference in the settlement of the country, on the credit and station of the minister. He had been thereby reduced to a cypher in the eyes of

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* Vide Letter of 30th September, Hyd. Pap.

his countrymen; and his downfall was now confidently anticipated by all the open and secret enemies of that influence which had alone raised him to his office. The very pedestal of his elevation had been removed from under him. He no longer was treated by the British resident as the minister of an independent ally; but was made to stand forth the degraded instrument of the subjugation and submission of his country to the imperious delegate of a foreign power. It is only necessary to read Mr. Metcalfe's despatches, to perceive that he had considered himself invested with a full right and power to exercise a paramount and despotic authority in the Nizam's country. In utter contempt of the instructions to Mr. Russell, his predecessor, (transmitted, too, by himself, whilst secretary to the government,) that the Resident's interference should *be confined solely to advice and influence with the minister*, he had proceeded at once to the direct exercise of sovereign power, by making new assessments all over the country, and by appointing and permitting his young officers to break through the assessments recently made by the minister himself.

All outward appearances of decency and respect for Chundoo Loll, or his office, seem to have been utterly disregarded. So deliberately determined was he to adopt this course of conduct for that of his duty, that he had prudently lulled the supreme government into an inattentive acquiescence in his usurpations, by frequent assurances that in all he did, or proposed to do, he had received the free and full consent of the minister. Of the nature of that consent, no one acquainted with the supple timidity of the native character, can, for a moment, entertain a doubt.

If Mr. Metcalfe was deficient in the intelligence of a statesman, the common feelings of a man should have pointed out the heartlessness and the folly of thus compromising the nominee of the British government, who was, on every ground of policy and of good faith, entitled to his consideration. But in his dictatorial progresses through

the country, no thought seems to have been wasted on the consequences of his own acts on the minister's feelings or position. An open and manly opposition however on the part of Chundoo Loll, was an event for which the Resident was evidently unprepared. A direct appeal against a British Resident to the Governor-general in council by a native minister, the creature of the very power against whose representative he complained, was too rare an occurrence to have been readily foreseen. Upon being made acquainted, however, with the contents of the note, Mr. Metcalfe states he had to determine what course he was to pursue. What ground for doubt or hesitation could exist in an upright functionary at such a moment? The positive instructions of the service of which he was a member, made it his prescribed and bounden duty to transmit to Calcutta the complaint against himself, together with his own commentary or justification upon it. Nothing but a consciousness that he had already been misleading the government at Calcutta with false assurances of the minister's ready concurrence in all his proceedings, could have prevented him from treading the straight-forward and open path of his duty. His own previous arbitrary conduct and crooked policy had shut this road against him.

He appears to have determined, therefore, for the present at least, to conceal from his employers both the remonstrance of the minister, and the effects of his own infraction of the Governor-general's recorded instructions for his guidance.

He appears, however, to have taken some time to chuse his course; for not till the 20th June does he think fit to announce to the supreme government his return to Hyderabad. This letter affords the strongest evidence of the intrigue in which he had resolved to engage; or, as he phrases it, *of the course he meant to pursue.* He could not but feel, that the members of the house of Messrs. William Palmer and Co., the only Europeans in the Nizam's country who were not dependent on his smiles or

his frowns, were very inconvenient witnesses of any proceedings which he might wish to conceal from, or to discolour to the eye of the government at Calcutta. He could not but know that their intelligence must have perceived the striking difference in his conduct from that of his predecessor. The necessary intercourse which must exist between the members of that firm and the minister, from their large and important transactions with him, must give him opportunities of making known to European ears of independent station and of unsullied character, the subject of his complaints.

The permanent intimidation of the Rajah into a blind submission was, under such circumstances, not to be hoped. But his removal might be effected. That event Messrs. William Palmer and Co., however, must necessarily be disposed to contemplate with disquietude and alarm. They had, under the sanction of the supreme government, embarked their all in the pecuniary aid of his administration; and upon his good faith and continuance in office alone could they rely for the repayment of their supplies.

The destruction of the credit and of the eventual testimony of the members of that establishment in favour of any statement at variance with the views of the Resident, was, therefore, of necessity a preliminary achievement With such views accordingly does the letter of the 20th June 1822 conclusively appear to have been framed. He repeats and exaggerates his thrice told tale of the abuses to be witnessed in the internal administration of the districts of the Nizam's country; and, as if he had been the first to make the disclosure of the disease, he seems to think he has only to point out and apply the remedy. Full of unreflecting self-conceit, he does not seem to have consulted even the records of his office, or he would have learnt that this subject had been the frequent theme of Mr. Russell's valuable and statesman-like communications. Had he so done, he

would have discovered that the government of Calcutta had been made fully and frequently acquainted with the state of the country, and that the final consummation of the evil had been equally foreseen and foretold. He would have discovered that it had been deliberately resolved that such consummation, come when it might, should not be hastened by any direct British interference in the administration of the country, and that the resident's efforts should be confined to the exercise of his advice and influence through the minister, as long as the tranquillity of the country could in any manner be prolonged. It required no conjuror in the shape of Mr. Metcalfe, to perceive and to pronounce that the existing evil could be at once removed by the direct assumption of the government by a person acting in the name and with the authority of the British power. But the prescribed duty of the resident, which had been so judiciously discharged by Mr. Russell, had been limited to availing himself of any opportunity to influence the minister to the best conduct, under circumstances, which, it had been repeatedly acknowledged, forbade the hope of even an angel, in Chundoo Loll's position, being able to restore prosperity to the state.

He in this letter, for the first time, insinuates rather than ventures directly to state, that he has met with some want of co-operation from Chundoo Loll. But he insists strongly on the absolute necessity of the continuance of *that intervention of advice and influence which his Excellency the Governor-general in Council had authorized for the welfare of the country*, and then boasts of the beneficial effects of his own measures, as if his interference had been limited by and in conformity with those instructions.

In his 17th paragraph, he informs the government, in the ingeniously familiar and gossipping style, which is observable in his letters whenever he wishes to divert attention from his design, that it is reported that the Nizam is *dis-*

gusted with his minister Chundoo Loll. In the next paragraph he, in a manner equally uncalled for, forces the nominal minister (the rival of Chundoo Loll), *Mooneer-ool Moolk* upon the Governor-general's attention in a false and favorable point of view; following up this panegyric with an attack in contrast upon Chundoo Loll. This brings him to the minister's alleged extravagance, and then incidentally (and, as it were, by the bye) he contrives to mention one of the subjects of the minister's celebrated note, namely, the proposal to borrow thirty-five lacs. This, however, he flippantly puts aside as an insincere proposal; taking occasion, however, to introduce two or three unhandsome insinuations against the house of W. Palmer and Co. But he carefully conceals, never even alluding to, the remonstrance, the far more important part of that note, from which he had extracted the proposal for the loan. Thus did he practise disingenuously upon his own employers, at the very moment he was plotting the ruin of those whom he was bound by every tie of honour and of duty to protect from misrepresentation and misfortune. To this letter of the 20th of June, the Supreme Government replies on the 19th July, and in it are to be found the following paragraphs: —

"The Governor-general in council observes, that the " points submitted in your despatch are too numerous and " important to admit of immediate decision, but will be " taken into deliberate consideration hereafter."

" The only point to which his Lordship in Council " deems it necessary to advert on the present occasion, is " that stated in the twenty-second paragraph of your des- " patch, viz. the minister's professed anxiety to pay off the " loan, and the mode he proposes of accomplishing it."

" His Lordship in Council concludes, that in an affair " of such moment, the minister will have submitted his " proposition to you in writing; and, in that case, his " Lordship in Council will be glad to receive a copy of " the paper in which it was conveyed."

The concealment Mr. Metcalfe had already practised in withholding the note, in which both the proposal for the loan and the remonstrance were contained, obviously compelled him to elude complying with the above orders. In no one of the following despatches accordingly is to be found even an acknowledgement of, much less an obedience to them, though he writes to Calcutta on the 1st, 9th, and 31st August. It was not till after the last despatch was written, that he learnt that the note had, through Mr. Palmer, reached the hands of the Govenor-general in Council. Accordingly, on the 8th of September, he has no longer motive for silence, and he with apparent carelessness, states in reply to the letter of 19th July, *to which he then for the first time replies*, that the proposition for the loan had been included in a *note addressed to one of his assistants*, which note he believes to be in the Government's hands, amongst the papers *clandestinely* transmitted by Messrs. W. Palmer and Co. When the murder came out on the 31st of August, and the exposure of conduct became known to him, his was, doubtless, a desperate position. He had now no alternative but to persuade the Government that Chundoo Loll and Messrs. W. Palmer and Co. were in a league to counteract, to discredit, and finally to displace himself; or his own intrigue for the subversion of the minister, and for the ruin of the witnesses of his plot, must inevitably be made manifest to his employers. From that time forth, therefore, he had but one game, however desperate, to play. Unhappily he found at the Council Board in Calcutta, instruments but too ready and well fitted to second his efforts. Up to this period of discovery, from which time he threw off all restraint on his disposition to misrepresent, it is at once amusing and disgusting to watch, in his despatches from the 20th of June to the 31st of August, the deliberate course of slanderous insinuation, by which he prepares the council for the reception of his destined attack on

the obstacles to his uncontrouled assumption of dictatorial power.

The letter which he obtrudes on the Government on the 9th August, indicates at once his confidence and his progress in the accomplishment of Chundoo Loll's removal. The intrigue is rendered so glaring in this letter, that its insertion must carry conviction with it.

To G. Swinton, Esq., Secretary to Government, Fort-William.

Sir,

1. Some days ago, the nominal prime minister of the Nizam's court, Nawaub Mooner-ool Moolk, sent me a message, saying, that he had been directed by his highness to wait on me, and adding a complimentary intimation of the gratification which he derived from that order. I returned the reply usual on such occasions, expressive of the happiness which I should have in seeing him, and he came the next day.

2. A visit of this kind from the Dewan was so unusual, if not unprecedented, since the nomination of the present ministers, that it naturally attracted much attention. Rajah Chundoo Loll considered that it was meant as an attack on his power, and was much alarmed. He gave me notice of it previously to Mooneer-ool Moolk's message, but added a different account of the cause, for he informed me that the Nawaub had persuaded the Nizam that he had been invited by me.

3. When Mooneer-ool Moolk came, after some common complimentary conversation, he apprised me that he had been sent by the Nizam to enquire how matters stood, with regard to the interchange of territory between his highness and the British government, especially as to whether or not further cessions would be required from his highness. I replied, that that there was a balance against his highness, arising out of the excess of revenue which he had received compared with what he had ceded, and that I hoped the matter would soon be adjusted to his highness's satisfaction.

4. This being the whole of the commission with which Mooneer-ool Moolk professed to be charged, he went on to talk of other matters on his own part. He spoke of our measures for the amelioration of the condition of the Nizam's sub jects, and praised highly what had been done. He described also the Nizam's feelings on my conduct generally in such flattering terms, that if I could believe what he said, I should be satisfied that my endeavours to carry into effect the benevolent intentions of the Governor-general in council had not been ex-

erted in vain. But I need not point out how impossible it is to be sure that a native of India is speaking truth, when he has any object to effect.

5. He used different terms, as was to be expected, with regard to Rajah Chundoo Loll, and dwelt particularly on the waste of the public resources in bribery, for the support of his power. He said that the whole of the Nizam's family was bribed; and of his own, he declared not only that every servant that he had was in Chundoo Loll's pay, but that even his own mother-in-law sent that minister a daily account of the occurrences of the inmost recesses of his (Mooneer-ool Moolk's) house. Of the general truth of what he said on this subject I have no doubt, having always received similar information from various quarters.

6. During his discourse on the state of the country, I availed myself of the opportunity to endeavour to impress on his mind, with a view also to its possible communication to the Nizam, a correct notion of the real nature, object, and extent of our interference in the affairs of his government. I knew that reports, exactly such as under such circumstances might be expected, had gone abroad, of our present measures being only a prelude to taking entire possession of the country as a British possession: I therefore explained to him that our actual interposition was precisely with an opposite view, and in order to save the Nizam from such a result, which, in the way in which ruin was proceeding, would have been inevitable. I further explained, that as soon as any assurance could be obtained that oppression would cease, our interference would be immediately relinquished as unnecessary and useless. I have repeatedly held out the same pledge to Rajah Chundoo Loll, when he has offered temporary opposition to measures which I have recommended as essential; and I hope to see the day, when this pledge may be safely redeemed. I hold the same language to all persons who communicate with me on the subject, in anticipation of the suspicions which, with or without interference, the natives of India are universally inclined to entertain, judging from the events of our history, without being able to discern their causes.

7. This visit from Mooneer-ool Moolk has doubtless been considered as the commencement of an intrigue against Chundoo Loll. From the alarm which it produced in the mind of the latter, he must have entertained a similar apprehension. I have endeavoured to persuade him, that he has no reason to dread any serious consequences. One of his observations was remarkable: "What can Mr. Metcalfe do, however much inclined to support me, if the Nizam himself proposes my dismissal?" This was before Mooneer-ool Moolk's visit, and

it seems that Chundoo Loll must have apprehended that such a communication from the Nizam was in contemplation. My own belief is, that this fear is without ground; and I am happy to say, that Mooneer-ool Moolk did not hint, in the most distant manner, at the probability of the Nizam's entertaining such an intention.

8. Mooneer-ool Moolk has since informed me by message, that the Nizam was much pleased with the assurances which our conversation had enabled him to carry to his highness, of my attachment to his highness's interests, and of the friendly disposition of the British Government; that the Nizam expressed much gratification at Mooneer-ool Moolk's communication of the result of his visit, I hear, also, from other quarters: but why he should particularly be so I know not, for there was nothing in my communications to Mooneer-ool Moolk, which his highness might not have heard long ago through Chundoo Loll. I am uncertain, therefore, as to what I may infer from this information.

I have, &c.

Hyderabad, (Signed) C. T. Metcalfe,
9th August, 1822. Resident.

For what purpose was the above letter written, but to prepare the government for the contemplated substitution of Mooneer-ool Moolk, who was to be Mr. Metcalfe's creature, for Chundoo Loll, who acknowledged fealty only to the British power, but not to its capricious abuse in the hands of an irresponsible representative? The effect of this visit at Hyderabad may be easily conceived. That it was achieved by Mr. Metcalfe no rational person can doubt. So conscious is he of this necessary conclusion, that he himself states, "*that the visit has doubtless been considered as* " *the commencement of an intrigue against Chundoo Loll.*" At length, on the 31st August, in the fifty-seventh paragraph of that apparently rambling but designing despatch, he proves his eager anticipation of the dismissal of Chundoo Loll, by asking the government *whether, in the event of the Nizam proposing such a measure to him, he is to receive the intimation favourably, or otherwise?* This denoted a foregone conclusion in Mr. Metcalfe's mind.

He had, in the fifty-fourth paragraph of the same despatch, given it as his opinion, "*that the conduct best suited to* "*the circumstances, would be to court the good will of the* "*Nizam himself, in preference to any of his servants.*" That Mr. Metcalfe should have hazarded the expression of such an opinion, after the character which had been given of that strange personage by himself, as well as by all his predecessors, accredited to that court, can only be accounted for in connection with his ulterior object. He offers no explanation whatever of this new point of view in which he would exhibit the Nizam. It is impossible to doubt, that he already held the minister's dismissal to be certain, conscious as he was, that it only required a hint being conveyed to the Nizam to ensure the proposition being made. In the thirty-third to the thirty-sixth paragraph of the same despatch, he rings the changes on the supposed removal of Chundoo Loll, and entertains the government with sundry speculations on the result of that event. But the concluding paragraph is not the least deserving of notice. It runs thus: "I have this day received intelligence of a very "extraordinary nature, which induces me to transmit it "(this despatch) without correction and without delay, "lest the additions and alterations I might make to it, "should receive a bias from that intelligence."

What could be the news so destructive to the self-control of this upright statesman, that he feared to trust any longer the weapon he was wielding, lest he should distort the facts, or falsify the conclusions of his despatch? There is something of candour, if not of prudence, or of wisdom, in the confession of his weakness. But this important intelligence, the reader is destined to learn, was no less than that the minister had had the consummate audacity to transmit the note directly to the Governor-general in council, appealing from the Resident to the judgment of his masters.

Having recruited himself in three days from the effect

of the intelligence alluded to, Mr. Metcalfe, on the third * of September, resumes his pen. This letter must be read to be appreciated. In it he states, "*He has long been*" "*aware of a plot hostile to him and his proceedings, one*" "*part of which has been to persuade the minister, that he*" "*(Mr. M.) was inimical to him, and that he must look else-*" "*where for support.*" He then gives a long rigmarole story of his having called on the minister to account for his conduct; and by his own account he appears to have so frightened the poor man, that he states him to have put up his hands in a beseeching attitude, and to have prayed to the great man to forgive him. He makes the minister say a great many things, which he adroitly and boldly says he believes to be true, or not, as suits his purpose. He puts in the minister's mouth slanderous insinuations against Messrs. Palmer and Co., and makes him accuse them as the real authors of the letter and its transmittal. He says he talked four hours with the frightened minister; that there was, however, more good humour on his own part than he had expected, and he told the minister jocularly, "*he never could forgive the trick he had played him, and*" "*that the matter went off with a laugh on both sides.*"

This is evidently written to divert the attention of the government from the short and simple facts, and it concludes with the following ominous and half-threatening paragraph: —

21. "Much more conversation passed between us, than "I am able at present to relate or recollect. I may here- "after have many observations to make on the subject of "this letter; *but I await your intimation of the commands* "*of his Excellency the Governor-general in council, regard-* "*ing the communications of Rajah Chundoo Loll through* "*Messrs. William Palmer and Co. The mode in which they* "*have been received, will either render necessary a very dis-* "*agreeable detail, or will relieve me from that necessity. It*

* Hyd. Pap. p. 220.

"*will also decide, to Chundoo Loll's conviction, what his*
"*conduct shows to be at present doubtful in his mind; i. e.*
"*whether the Resident, or the firm of William Palmer and*
"*Co., be the real representative of the British government*
"*at this court.*"

If any evidence were wanting of the state of mind in which Mr. Metcalfe wrote his Reports of 31st August, and the 3d September, it is furnished by himself in the following despatch, written two days after the latter had been sent off.

To G. Swinton, Secretary to Government, Fort William.

Sir,

I hasten to correct a mistake into which I have fallen in my report of the 31st ultimo. I observed therein, that I had not discovered any explicit instructions on my records for the Resident's giving his support to the minister Chundoo Loll. I have this instant met with a despatch, under my own signature, conveying very explicit instructions on that point, and I wonder how it before escaped my notice and recollection. I hope that the Governor-general in council will excuse this inadvertency.

I have, &c.

Hyderabad, (Signed) C. T. Metcalfe.
5th September, 1822.

A singular confession truly! — He had, at that time, been the representative of the British government at the Nizam's court, for nearly two years. During that period he had taken upon himself a most active and offensive direct interference in the internal government of the country; — a conduct not only directly opposed to that of his predecessor, but to the express orders of the supreme government, penned and communicated by himself. And at the end of this period, he confesses to have never given

himself the trouble to ascertain the first and most important duty of his office, the very foundation on which the tone, demeanour, and conduct he was to observe towards the Nizam's minister, were to be constructed. That minister, he had observed, was confessedly the most capable man in the kingdom, the firm and attached adherent to British interests, the openly avowed creature of British power, and the designated instrument through whom he had been told to work out the objects for which he was himself sent to Hyderabad. These letters called forth the following reply from the Governor-general in council.

(Enclosure No. 4. in Bengal Political Letter of 20th December 1822.)

To C. T. Metcalfe, Esq., Resident at Hyderabad.*

Sir,

1. Your letters of the 31st August, and 3d and 5th September, have been laid before the Governor-general in Council, and I am directed to communicate the observations which occurred on their perusal.

2. In the second paragraph of your first letter you say, that "you suppose our interference in the Nizam's affairs to be not "merely right, but also a duty, arising out of our supremacy "in India, which imposes on us the obligation of maintaining "the tranquillity of all countries connected with us; and, "consequently, of protecting the people from oppression, as "no less necessary than the guaranteeing of their rulers against "revolution." The assumption of our possessing an universal supremacy in India, involving such rights as you have described, is a mistake. Over states which have, by particular engagements, rendered themselves professedly feudatory, the British Government does exercise supremacy; but it never has been claimed, and certainly never has been acknowledged in the case of Native Powers standing within the denomination of allies. Although a virtual supremacy may, undoubtedly, be said to exist in the British Government, from the inability of other states to contend with its strength, the making such a superiority a principle singly sufficient for any exertion of our will, would be to misapply that strength, and to pervert it to tyrannic purposes.

* Hyd. Pap.

3. In your third paragragh you observe, "the only refuge "of a people intolerably vexed, is in emigration or insurrec-"tion; and as we secure the Nizam's government against re-"bellion, it seems to be incumbent on us to save his subjects "from grievous oppression." The argument of supremacy having been set aside, nothing but the tenour of some special engagement could render us liable to the call, or allot to us the title for such interposition. Our treaties, characterising the Nizam as an independent sovereign, authorise no such latitude. When, for our private views, that prince was constrained to support a body of our troops, to be stationed near his capital, the then government disguised the interested oppressiveness of making him pay a portion of our army for holding him in thraldom, by a sturdy declaration, that his highness had spontaneously sought the aid of a subsidiary force to secure his person and territories. The veil thus thrown over our policy required that any stipulations which could mark the prostration of his power should be forborne, so that, in appearance, he legitimately retained his freedom. The measure, however, really placed him at our mercy. It was hardly to be imagined that our advantage would not be abused, and it was abused: the independence which the very conditions of the compact recognised and pledged us to respect, was set at nought. Gradual but unequivocal encroachments on the Nizam's just authority were perceived by the honourable court, and a more becoming system was enjoined. The Governor-general in council laboured to introduce it;—a work of no small difficulty when the country was so disorganised;—and having established an understanding with Rajah Chundoo Loll for the correction and future conduct of affairs, (this government, in return, binding itself to support that minister,) the Resident was directed to adopt a course of conciliatory counsel, instead of those starts of despotic dictation which had before been in use. That limited degree of interference would still be objectionable, but for the common interest between the two governments, that his highness's territories should be restored to prosperity: yet even that excuse would be insufficient, were not our influence to be managed with delicacy, and to be unavowed. Such is the distinct nature of our relations with the Nizam; and a disregard of its terms would be no less repugnant to general principles, than to the orders of this government.

4. Paragraphs four and five plead necessity for our interposition, because the Nizam does not rule his subjects with equity and prudence. The fact of mal-administration is unquestionable, and must be deplored. Does that, however, decide the mode in which alteration is to be effected? Where is our right to determine, that the amount of the evil is such as

to demand our taking the remedy into our hands? His lordship in council observes, that the necessity stated is altogether constructive. Were such a pretence allowable, a powerful state would never want a colour for subjugating a weak neighbour. The consequence is so obvious, that no principle in the law of nations leaves room for acting on such a presumption. It is admitted, that if convulsions rage so violently in one state, as clearly to threaten the excitation of ferment in a bordering one, the latter may be justified in reducing to order the nation by which its tranquillity was menaced. This, however, is an extreme case, at the same time that it is of a description strictly defined. No analogy exists between indisputable exigency and an asserted convenience, where vague arbitrary charges, if tolerated as a ground of procedure, would furnish ready pretext for the foulest usurpations.

The Governor-General in council contemplates with pleasure, throughout the subsequent paragraphs, uniform indications of that zeal and excellent intention, for which perfect credit has been constantly given to you. Where the measures flowing from that solicitude to bring into regularity the course of the Nizam's government, and to produce comfort among his highness's people, have been carried to an undesirable length, it has arisen from their being founded on the erroneous supposition detailed in the paragraphs before noticed, and the explanation now signified to you would prevent their being pushed still further. Nevertheless, it is deemed expedient to communicate some more precise observations for your future guidance.

6. After reading the despatch in question, it was with more pain than surprise that the Governor-General in council pondered on your inculpatory allusions to Rajah Chundoo Loll. Their source was easily conceivable. To his lordship's apprehension, the renitence of that minister in certain instances, which you have regarded in the light of a deliberate and corrupt counteraction of your plans, is sufficiently accounted for as an unpremeditated hesitation. While it was not unnatural for you to slide into that misconstruction, when you believed yourself invested with authority to overrule his conduct, it was equally venial in him to be staggered by such a tone, when he had been apprised that we disclaimed any arbitrary sway, and should only point out to his judgment the measures which appeared to this government to be requisite and efficacious for his master's benefit. He had been taught that he was, in his sovereign's behalf, to govern the country, hearkening only, in that occupation, to the counsels of the Resident; and that, attaching to him a direct responsibility, we would uphold him, so long as he displayed a just and provident rule. Procedures

inconsistent with this assurance must have been no less perplexing than wounding to him, and his embarrassment would appear to you ill-will. A striking illustration is furnished by your letter. In the twenty-sixth paragraph you mention, that the British officers acting under you, and charged with the duty of receiving, in the districts over which they were respectively placed, appeals of the cultivators against any exactions attempted by the native functionaries, were "also autho-
"rised and directed to give their attention to the suppression
"of depredations, robberies, and such crimes as affect the
"safety of the community." The first duty was of very delicate discharge. With regard to that which was superadded, a more ostentatious assumption of the government could not well be imagined; nor is it easy to figure to one-self any other case, which would in an equal degree agitate Rajah Chundoo Loll; first, as it inspired doubts of the British government's sincerity; secondly, as it exposed him to the probable indignation of his master, to whom his acquiescence in the exercise of such unlicensed power, would not fail to be represented with distorted features.

7. Much as the Governor-general in council regrets a step so completely at variance with the principles which he had laid down, he is aware that it cannot be retracted suddenly, without the alterations being attributed to a disapprobation notified by this government. As it is the Governor-general's wish that your possessing his entire confidence should never be doubted, the arrangement must remain as it is, for so long as it shall be thought by you really necessary according to your views; and its abrogation hereafter should be gradual. In the mean time, the Governor-General in council must require your holding a vigilant eye over those very young and inexperienced individuals, to whom that important superintendence is delegated. You must be sensible, that the possession of a power, large in proportion as it is undefined, may readily lead to a flippant parade of it, than which nothing could be more revolting to natives of consequence: you must, therefore, check austerely any unnecessary exhibition of superiority.

8. His lordship in council notices, in paragraph nine, your observation, that the Nizam having withdrawn himself entirely from public business, and the first minister, Mooneer-ool Moolk, being a cypher, the government rests wholly in the hands of Rajah Chundoo Loll. The terms in which this is mentioned, would seem to infer its being a circumstance to be lamented. It appears to have escaped you, that the non-interference of Mooneer-ool Moolk was stipulated, whether providentially or not, by this government. Our concurrence in the elevation of Moneer-ool Moolk was obtained by him on the condition

that he should take no share in the current transactions of the state, we being unable to place reliance on his dispositions towards us. The Nizam was satisfied with the ostensible appointment of a prime minister, while this Government reposed itself on the experienced attachment of Rajah Chundoo Loll, the second in office, who was destined to be the efficient person. His qualifications for the office will not be questionable, since you have described him as the man the most competent in the whole country for the situation, on the score of ability. The position of Chundoo Loll, however, was too slippery to allow of his undertaking, without a specific engagement from the Governor-general in council for his security, those rough corrections which the disorders of the state required; and this Government, reluctant so to bind itself, was tardy in yielding to the necessity of stimulating him to these vigorous efforts, on the pledge of faithful support. The promise was at length given, and was answered by the desired exertions. Certainly the full amount of advantages speculated upon by Chundoo Loll, from the measures adopted in concert with this Government, was not realized. The probability of miscalculation, to some extent, in arrangements so novel and so complicated, was foreseen. Yet the Rajah did act with all the energy expected from him; did disband the licentious soldiery, which trampled on the ryots; did displace those chiefs of districts who had practised extortion, or had connived at predatory associations; did remove the immediate danger of commotion, thereby affording time for the application of those more permanently effectual remedies, which you were instructed to fashion with him. Against this actual fulfilment of a difficult and meritorious service, you urge the insincerity of Rajah Chundoo Loll, his unfeelingness towards the people, and his rapacious pursuit of undue gains. The habits of the country are apt so far to vitiate the character, that it would not be easy to find a native in high station untinctured with such faults. The Governor-general in council, however, cannot conceal his persuasion, that somewhat of prejudice, arising from your belief in his studied opposition, leads you to impute to him those defects on an exaggerated scale. The frequent repetition of those charges in general terms, charges so little consonant to any former accounts of that minister, impress the conclusion. An indulgence of such adverse leanings may be of great inconvenience, since it is indispensable that you should work with Chundoo Loll. After his performance of that which was prescribed to him by this Government, it would be the deepest stain to British honour, were he left to the ruin which must follow the discontinuance of our plighted support.

9. The above remarks are irresistibly demanded, in the opi-

nion of the Governor-general in council, by your representing the aukwardness of our advancing obstacles, should the Nizam express his pleasure for the dismission of Chundoo Loll. The contingency is pointed at in such a way, as to give some alarm of its having encouragement. You are well aware, that such a purpose would never occur to his Highness without external suggestion. The instigation could not originate with you, because no greater contravention of the orders under which you are acting would be imaginable, so that it must be insinuated by some private enemy of the rajah. The interested malignity of the advice, and the known indifference of the Nizam on the subject, would render this a case totally different from one, in which a competent sovereign should intimate his will, and obstacles may honestly be opposed. You would not, indeed, object in a broad manner. The proposition would have to be met with such a countenance as should imply serious consequences. You would give it to be understood by intelligible hints, that the removal of Chundoo Loll would cause a material change in the connection between the two governments. It would be fitting to throw out, as if loosely, that should a minister in whom the British Government could have no confidence, be entrusted with his Highness's concerns, it might be incumbent on the British Government to look to its interests in another mode than what had hitherto sufficed, and to claim for itself, as standing in the Paishwah's position, all those rights over the Hyderabad dominions, which that prince had possessed. This glimpse of eventual procedures would assuredly be decisive. In short, the Governor-general in council holds the good faith of this Government to be staked for the maintenance of Rajah Chundoo Loll in his office, unless he shall be guilty of some distinct delinquency; and you will please to regard it as a special obligation upon you, to support that minister. Such estrangement as exists between you, has been owing to unfortunate miscomprehensions. It would yield at once to a conciliatory tone and demeanour: and his lordship in council observes, it ought not to be retained, when its consequences must be seriously embarrassing to both governments. The questions put by you will be sufficiently answered by the foregoing remarks.

10. That an exaggerated sensitiveness has been indulged by you is visible to his lordship in council, from your letter of the 3d of September. The complaint which you there prefer, of the minister's having made the house of William Palmer and Co. the channel for forwarding a letter to the Governor-general, containing representations against steps of yours, is correspondent to the view which you will have found this Government took of the procedure. It is but candid to meet with

belief what is asserted on both sides, namely, that when the minister pressed upon Mr. Palmer the transmission of the despatch, he did not address himself to Mr. Palmer as a partner of the firm; but as an old servant of the Nizam's; and that Mr. Palmer, in obeying the requisition after much resistance, conceived himself to be bowing to an authority which had claims upon him. The discrimination was obviously illusive; for, in truth, it was impossible to divest Mr. William Palmer of his character as head of a house which was accused of extraordinary dealings with the Nizam's government, and which, therefore, if justly accused, might have a corrupt interest in impeding reform. To that extent his lordship in council has condemned both. At the same time, when in the seventh paragraph you declare, that you had long been sensible of a plot against you, it is evident you indulge an overstrained jealousy. All at which you point is explicable much more simply. It was not in nature, that Chundeo Loll should not deeply feel the being exhibited in the eyes of the country as a passive and helpless instrument under British direction, and that he should not thence occasionally break out into fits of peevishness, perhaps of culpable obstruction; but the notion of forming a conspiracy against you, where no materials for such a fabric could be found, must be thought too lightly admitted. It is hoped, that what is said in the former part of this letter, will induce you to dispel suspicions, which must unavoidably hazard your success in the beneficial efforts you are exerting.

11. With regard to the minister's addressing the Governor-general otherwise than through you, his lordship in council desires me to say, that he will never bar such direct communication. Though the recurring to Mr. William Palmer was improper, it was so from peculiar circumstances, applying specially to that gentleman. Any other mode for the transmission of a letter would have been unobjectionable. The estimation in which the Governor-general in council holds your character, renders his reliance upon you as full and as fair as your utmost wish could desire: still the highest trust of an individual should not occasion the relaxation of a just and necessary public principle. The Governor-general in council must hold it obligatory on him, to give every facility for such appeals as any native prince or minister may be solicitous to lay before him. The measures of a resident or agent are more likely to be the ground of those references than any other subject; and to require that such applications for intervention should be made through the person complained against, would, from the apprehensive dispositions of the natives, be to exclude them wholly. The Governor-general in council must not narrow his means of affording redress; nor can his keeping them open

justify a supposition of his unworthily encouraging imputations, or counteractions against his own representative.

I have, &c.

Fort William, (Signed) G. Swinton,
25th October, 1822. Secretary to the Government.

The attention of the reader is challenged to the soundness of the reasoning, and to the mildness of the almost paternal reproof conveyed in the foregoing despatch. Yet such was the willing and blind confidence Mr. Adam thought proper to place in Mr. Metcalfe's bare assertions, that he records his opinion on the above letter in the following terms: — * "In my minute of the 1st inst. I have "*professed a very decided conviction, founded on the facts* "*stated by the Resident at Hyderabad*, of the combination "of Messrs. Wm. Palmer and Co. and the Minister, instigated by the former, against the measure and credit of the "Resident; the terms of the draft now circulated do not "therefore go to the extent which I was prepared to do in "passing a judgment on the question."

Mr. Fendall says on the following day, † "The facts "stated by the Resident at Hyderabad are certainly such as "to warrant a strong presumption of Messrs. W. Palmer "and Co.'s having instigated the Minister to prefer complaints against him — *but they have not had an opportunity* "*of offering any thing in their defence*; I therefore think the "instructions sent in circulation should be forwarded."

We have here, then, Mr. Adam, upon the simple and bare assertion of an interested accuser, recording *his decided conviction* of the guilt of the accused, without waiting for investigation, or hearing the accused party in their defence. His conduct from the period of this, his own recorded declaration, exhibits an uniform perseverance in the same unjustifiable course, even up to the fatal and final period ‡, when it will be seen that he decreed the ruin of the

* Hyd. Pap. p. 259. † Hyd. Pap. p. 260.

‡ See Mr. Adam's Minute, 30th July, 1823. Hyd. Pap. p. 701.

house, with the full means of inquiry in his hands, and under his eye, without investigation, and upon his blind confidence on the naked misstatement of Sir Charles Metcalfe. Mr. Fendall seems to have been the dupe, but not at least so ready and willing a believer of the calumnies contained in Mr. Metcalfe's despatches. From the month of September 1822, up to 20th November 1823, the date of the latest despatch of Mr. Metcalfe, to be found in the volume of Hyderabad Papers, a perusal of his correspondence with the Supreme Government, is challenged in order to fully bear out the following description of it.

It is a series of misstatements as to facts: he never transmits any copies of his correspondence with Messrs. W. Palmer and Co., without a slanderous commentary and perversion to his own purposes of every expression of their letters. It is one continued chain of calumny and accusation. He finds encouragement in the ready adoption of every assertion and accusation on the part of the government; and, from the moment Lord Hastings quitted the council at the commencement of the year 1823, no term, no tone was too coarse for the ear of the council, which had been now polluted for months by his disgusting and vulgar misrepresentations. The main subject of his attack, however, appears to have been the discovery he pretends to have made, that the loan was fictitious. His assertions were taken by the government for proofs; nor does the only obvious step, necessary for the proof of the assertion, appear to have been ever taken, first, by waiting for the delivery of the books of the House, and when delivered, by having their contents submitted to examination.

The objections to the loan transaction between Messrs. Palmer and Co. and the Nizam's minister, appear to have arisen out of two assumptions, neither of which is founded in truth, and of which no proof whatever has been either sought or offered.

1st. It is assumed that Messrs. Palmer and Co. did not make any considerable advance of cash on account of the loan, but that it was made up of a transfer of old balances antecedently owing to them by the minister. The printed * accounts of the house, the accuracy of which is not pretended to be denied, completely disprove and falsify this assertion.

The loan was first solicited by the minister at the latter end of 1819.; and the payments on account of it commenced about the 11th of March, 1820, at which time the debt due to the house on the account current was under five lacs of rupees (see p. 620.) This debtor balance was occasioned by a transfer made by Messrs. W. Palmer and Co. from the minister's account current to the Aurungabad establishment of 6,00,000 rupees in the preceding month. The Berar Suwar's account was, at the same period, debtor about 18 lacs (see p. 683.); and the Aurungabad account was debtor about 14 lacs (see p. 511.), making together 37 lacs. But Messrs. Palmer and Co. held tunkhas falling daily due to the amount of 10 lacs against these balances, which reduced the whole debt at that time to 27 lacs; and, but for the above transfer of the six lacs to the Aurungabad account, the house would have been a creditor on the minister at the beginning of March, the period when the loan payments commenced, for only 21 lacs. The printed accounts exhibit that, between the 11th March and the 11th August (the day when the loan was completed, the assignments granted, and the transfers of the debtor balances on the Aurungabad and Berar Swaar accounts were made to the account current), the house advanced no less a sum than 40 lacs (see p. 620. to 625.) on the Rajah's drafts and orders; not one rupee of which would have been advanced but in furtherance of the contract which was first verbally proposed and discussed in the

* See Hyder. Pap. p. 620 & 624.

conclusion of the year 1819; on which the correspondence transmitted in May to Calcutta, took place between the house and the minister in the month of February following; and on which the first payments were made in March, and the last in August. It is remarkable, that upon the above unaccountable misstatement alone, which ten minutes' examination of the accounts is sufficient to expose, the motive of Messrs. W. Palmer and Co. is alleged to be founded for having wished to make the loan; *viz. for the purpose of obtaining the government sanction to old balances, the existence of which had not been known at Calcutta.*

It has been shown how the balances stood in March, when the payments on account of the loan commenced. But the state of the account at the end of the year 1819, when the loan was first solicited by the minister, is still more inconsistent with the imputed motive of Messrs. Palmer and Co. for making the scheme of the loan, in order to cover old balances; for although there were five lacs due to the house, on the minister's account current in March, not specifically known to the government at Calcutta, there was actually a balance* in favour of the house at the end of December, 1819, when the loan was first proposed and discussed. Out of the aggregate debt due to the house at the time, when they actually commenced their payments on account of the loan, there were only five lacs, the nature and object of which had not already received the sanction of the supreme government. The advances made by the house for the payments to the Berar Swaars, and to the reformed troops at Aurungabad, had been both distinctly and severally brought under the notice of the government, the one in 1816, and the other in 1819. The united balances on these two accounts (owing to the non-fulfilment of the minister's part of his agreement with W. Palmer and Co. and which was their misfortune, not their fault,) amounted in

* See the printed accounts. Hyd. Pap. p. 619.

March, 1820 to 32 lacs. No subsequent recognition of this debt in the new shape of a loan could give it more validity than it possessed already. In neither case did the Calcutta government give any guarantee; it only took cognizance of the *nature and object* of the advances. The making these balances a part of the loan was nothing more or less than a liberal concession on the part of Messrs. William Palmer and Co. to postpone immediate payment (to which they were entitled) to a distant period, and to accept periodical instalments on the terms hereafter stated; *and in the mean time to release forthwith the Tunkhas* which the minister had given and was bound to give them, in order that he might apply them to his other necessities. So much for the fictitious loan; out of which false statement alone grows the groundless charge against Messrs. W. Palmer and Co. of passing as trick and fraud on the Bengal government.

2nd. It is assumed, and thereon a torrent of unmeasured calumny has been directed against Messrs. William Palmer and Co., that they intentionally concealed from the Resident, and from the Bengal government, the bonus of eight lacs, which was one of the conditions on which they were to complete the loan. From that assumed concealment, fraud is unhesitatingly inferred, and a consciousness is imputed to the house, that this part of the transaction would not bear the light; for that its disclosure would have prevented them obtaining the sanction of the governor-general in council to the whole transaction. The calumny connected with the bonus has grown altogether out of that assumption; for to this day it has not been attempted to show upon calculation, that the contract, including the bonus, was one that savored of extortion on the part of the house; or which required any concealment on their part: such a calculation could only be properly made by enquiring (which does not appear to have been done) on what terms the house was compelled to hold the funds of their consti-

tuents. That fact alone can determine, whether their terms with the minister were exorbitant or moderate; such an enquiry would have shown that Messrs. Palmer and Co. were compelled to allow for a large amount of the money, which the minister was retaining from them for six years, (or longer if he did not punctually keep his engagement,) an interest varying from 18 to 24 per cent. Under such circumstances what ground is there for a charge of extortion? Or what motive for concealing the bonus from the government of Calcutta? The bonus did not render the transaction one, of which they needed to have feared the exposure; on the contrary, even with the bonus, it was a liberal and even inconsiderate bargain on their part. They bound themselves to lend the money at $20\frac{3}{4}$ per cent. during six years, or till it should be repaid, whilst they were compelled to allow for a large portion of their funds from 20 to 24 per cent. If the minister failed (as he was but too likely to do) to make the instalments punctual, every day's delay deteriorated the terms to the house, and made them more advantageous to the minister. The very risk of the destruction of the government itself (at all events of the minister), made this loan a peculiarly dangerous subject of commercial speculation, and the wonder is, that the minister should have been fortunate enough to find an immediate supply at any interest with such a condition of distant repayment. But further, not only in point of fact is there no part of the conduct of the house from which an intentional concealment of the bonus from the Resident or the Bengal government can be inferred, but it is beyond proof, that there was any possible motive for such concealment. It was not their duty, by the words of their licence, to communicate to the British authorities the terms, but the *nature and object alone* of their pecuniary transactions with the Nizam's government. The condition on which their licence of exemption was granted, is to be found in the following words: "Pro-"vided, however, that the said firm of Messrs. William

"Palmer and Co. shall at all times, when required to do "so by the British Resident at Hyderabad for the time "being, communicate to the said Resident the nature and "object of their transactions with the government, or with "the subjects of his said highness."

In the * memorial from Messrs. William Palmer and Co. to the governor-general in council, for the licence, a paragraph had been introduced by themselves, impowering and calling upon the Resident, to examine in detail into the various transactions of the house. In that shape it had been privately shown to the members of council. But Mr. Russell protested against any such responsibility being thrown upon him, as he felt he could not efficiently discharge the duty. The superintendance of the British authorities was, therefore, *advisedly* limited to the *nature and object* alone of their transactions.

Mr. Edmonstone, Mr. Dowdeswell, and Mr. Seton, with Lord Hastings, the governor-general, granted the licence, with this condition inserted in it.

In the discharge of the above definite duty imposed on the Resident, Mr. Russell communicated to the Bengal government on the 30th December, 1816, (five months after the licence had been granted,) that the house had agreed to furnish Rajah Chundoo Loll with 52,000 rupees monthly, for the payment of the Sirkar horse, which had left Hyderabad. No detail or statement of the terms was either given or required. It was sufficient for the government to know, that the object was stated by the Resident to be favorable to British interests, and that it had his entire approval. The second communication, which the Resident had to bring under the notice of the supreme government, was the contract by which the house had engaged to furnish the minister Chundoo Loll with two lacs of rupees monthly at Aurungabad, for the more punctual payment of the reformed troops.

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* See Mr. Russell's Letter to the Court of Directors.

On that occasion Mr. Russell transmitted copies of the written correspondence which had taken place between the minister and the house on the subject; from which the *nature and object* of the transaction would necessarily be made manifest. A more candid, satisfactory, and *bonâ fide* method of communicating the information can scarcely be imagined. But in that case there was no statement of the terms, on which the advances were to be made; two several letters were despatched to Hyderabad to make enquiries on two other points. First, whether any guarantee on the part of the British government had been given, or was expected. Second, Whether the house had any power to interfere in the collection in the districts, over which they held assignments. These were political objects, and fit for the attention of the council. But no enquiry was made as to the *terms*. It is true that a member of council, who exhibited the most unfounded and unjust suspicions of the integrity of Mr. Russell, and of the house, did, for want of a better reason, object to approve of the transaction, because he was not acquainted with the terms and details of the arrangement. But it was decided by the whole council, against Mr. Stuart's single voice, that it was not the duty of the supreme government to enter into the terms and details of the minister's pecuniary dealings. The following letter from the secretary to government, will exhibit how distinctly and unequivocally the line of their interference was marked out by the government.

To Henry Russell, Esq., Resident at Hyderabad.

" Sir,

" With reference to my letter of the 4th ultimo, re-
" specting the pecuniary arrangement between the Nizam's
" government and the house of Messrs. William Palmer
" and Co., for the payment of the Nizam's regular troops;
" I am directed to apprize you, that the accounts, therein
" called for, are not now required; and that the Governor-

" general in council does not propose to take cognizance of " that arrangement, further than to prevent any interfer- " ence on the part of that house, or of any native agents " belonging to that establishment, in the collection of the " revenues, or in any other branch of the management of " the districts assigned, under the agreement of the parties; " for which purpose you are directed, if it be ever neces- " sary, to interpose your influence and authority. It may " be proper to add, that such interference, on the part of " that house, is not understood to be a part of the agree- " ment, and is not supposed to have been in contemplation " of either party.

" I have the honour, &c.

" Fort William,
9th Oct. 1819."

(Signed) " C. T. Metcalfe,
" Secretary to Government."

If any doubt had existed, the words of the foregoing letter were land marks for Mr. Russell and Messrs. W. Palmer and Co.; but a circumstance occurred, which marked the deliberate view of the government on the subject, in a manner still more decisive. The details and terms of the Aurungabad arrangement had, in consequence of Mr. Stuart's wish, and of the Accountant-general's recommendation, been hastily and unadvisedly called for.

The resolution, however, was almost immediately rescinded; and the accounts having been sent from Hyderabad, were returned without having been officially noticed. The sanction had been transmitted previous to their arrival. The nature of this sanction, which is falsely supposed to have been of so much value and importance to Messrs. William Palmer and Co., is not unworthy of remark; the house was naturally, at all times, anxious for the good opinion and favourable countenance of the Calcutta government. It was their chief moral hold and security on the firmness and good faith, which the minister might be disposed to observe in his dealings towards them. It was

so far contributive to their security; although it amounted to any thing but a guarantee to them for the recovery of a single rupee. They thought, and justly too, that if the transaction exhibited a liberal zeal to forward objects important to British interests, it was at once an honourable claim, and a grateful return, for the protection and good offices of the British government. It was, therefore, in any point of view, an object of interest to them, that the government at Calcutta should be well acquainted with the transactions, hazardous at best, into which they were entering with a native government, for the purpose of advancing the objects which the Resident had so much at heart. But the cognizance and approval of the Calcutta government gave them no guarantee for their claims on the native minister. It turns out, indeed, that it has not been regarded as even securing them from the persecuting interference of the Bengal government with their debtors, in defiance of all justice, to effect their ruin and destruction. The licence of 1816 exempted them from the penalties to which, by the 37 Geo. III., persons dealing with a native government would have been liable. That licence was granted on a deliberate consideration of the benefits, that might accrue to British interests, and to the tranquillity of the Nizam's government, an object so important at that time to the safety of the British empire in India; but security it gave them none. They were, under the licence of the exemption, to be at liberty to pursue their own commercial and pecuniary interests. It was the duty of the Resident to see that, in so doing, they were not made the incidental instrument of injury to the country, or of thwarting the objects of British policy. That alone was the evil to be guarded against; and watched over by the authorities, which first permitted the establishment of their house. Innocent of that evil, a commercial European house could not but be beneficial to the country at large.

It has been above stated, that no part of the conduct of

the house justifies the inference of intentional concealment of the bonus on their part. The history of the loan transaction from its first proposal in the end of 1819, to its completion on the 11th August, will show at once what their conduct was, and how the bonus became subsequently a part of the transaction. When the proposal was first made by the minister to the house, it was represented to them, and truly, that it was to enable him to attain at once and effectually all the objects which the British Resident had been so long and so urgently pressing upon him, as the only means of securing the stability and restoring the prosperity of the country. The house was first desired to forego the discharge of the balances owing to them on the payments they had been making to the Berar Suwaars, and to the reformed troops, which then amounted together to from twenty to thirty lacs of rupees; and further, to procure on their credit, for the purpose of placing it in the hands of the minister, such an additional sum as should make up, with their balances, the sum of sixty lacs of rupees; which sum they were to be repaid by means of assignments on districts, to produce to them sixteen lacs annually for six years. The interest on the loan was to be eighteen per cent. The balances due to the house were at that time bearing an interest of twenty-four per cent. They were required to lock up, beyond their own disposal, not only the sums actually then due to them from the minister, and to consent to accept their repayment in six equal portions at the end of each of the six following years; but to procure a still larger amount on their credit, to be equally placed beyond their command, for the same period and on the same terms; the house standing during the period the risk of any demand for increased interest, that the events of the day might at any time invite from their constituents; themselves being bound down and limited, under all contingencies, to the charge of eighteen per cent. The calculation

on which the house entertained the proposal was, that they would be enabled to obtain the money at an interest of twelve per cent. But this was out of the question at Hyderabad; that limited market would not supply so large a demand, without raising considerably the interest on all the funds then in their hands, and which were, to so considerable an extent, locked up by their several unliquidated advances for the payment of the troops: but they looked to raising the supplies at the British presidencies. The unbounded importance of the minister being enabled to effect the objects so strongly urged upon him by the Resident, led the house to conceive that the authorities in Calcutta would encourage, and as far as they could, guarantee a transaction productive of such immediate and important benefits, as it will be seen did actually result from it, and particularly to give effect to a loan raised on terms so unusually favourable for a native government. Under that impression, Mr. Russell was consulted by them at the latter end of 1819, (see his letter to the Court of Directors) through the good offices of a Mr. Jefferies. The Resident at once discouraged the hope of the Bengal government being induced to break through the rule laid down, of doing nothing that could involve it in the necessity of interfering in the Nizam's government of his country.

In the month of February, 1820, the minister became urgent, and reduced his propositions to writing. The correspondence that took place between them will be found among the printed Hyderabad Papers, p. 39. to 41. The house was anxious to ascertain, through Mr. John Palmer at Calcutta, and through other friends at the other presidency, what chance they had of finding supplies for the loan on the terms they had flattered themselves with obtaining. They also, through the same friend, Mr. J. Palmer, endeavoured to ascertain what would probably be the disposition of the Bengal government to infringe the

rule they had laid down, by giving some description of guarantee to enable the house to make the loan on the above terms: on both subjects their enquiries ended in disappointment; but they did not renounce their hopes and endeavours for some time to obtain funds at twelve per cent. from the presidencies. In the mean time, considerable payments had been yielded to the impatience of the Rajah Chundoo Loll, from the 11th of March onwards: no prospect appeared of the minister being able to discharge the balances on the Berar Suwaar and Aurungabad accounts. Under these circumstances there was no alternative, but to resort for money to the native bankers on the best terms they could. The alteration of these circumstances from those under which they had made their early calculations and contract with the minister, was explained to him, and the impossibility stated of the house's proceeding any further to fulfil the contract upon terms that must have ended in their obvious and certain ruin. The minister could not but assent to the propriety of altering the terms of the contract to meet their altered prospects of supplies, and readily preferred that alternative to their not proceeding with their advances.

He stated, that he the more readily assented, because he would be enabled to save by the immediate discharge of a large establishment, at least such a sum as would compensate him for the payment of the higher rate of interest required. The minister was not ignorant that the funds he was to receive from Messrs. Palmer and Co. were not their own, and that they had no talisman to charm monied men, who saw a pressure for money in the market, into a neglect of their obvious interests, by enhancing the terms upon which they would part with their commodity.

There were but two ways of altering the terms; either by increasing the amount of each annual instalment to be repaid, or by diminishing the sum to be advanced, and allowing the instalments to remain the same. The alter-

ation of the terms of a contract for raising a loan, when the circumstances have varied between the time when the bargain was made, and the time when it was put into action, is a circumstance by no means new, or involving either of the parties in a charge of misconduct. When a minister agrees with any party to negotiate a loan, it is not a blind bargain; both parties know perfectly well what the calculated profit is to the one, and what the other is to pay for a pressing and paramount object. Mr. Baring is not, in any manner, considered to have acted improperly in having applied to the French government, a few years ago, for an improvement of the terms on which he had contracted to raise a large sum for the minister, when an unforeseen alteration of circumstances forbade him to proceed, but at his certain ruin. The terms were altered, and the loan proceeded. In point of pecuniary payment, it is obvious the two plans might be adjusted by calculation to a perfect equality. But both the minister and the House preferred the alternative of advancing the lesser sum. To the House it was important to force the limited market at Hyderabad as little as possible, and to the minister it was an object of no little importance, for obvious reasons, to have the credit among his enemies, as well as his friends, of being able to borrow money at so low an interest as eighteen *per cent.* It was not only a feather in his cap for the moment, but might be of essential service to him and his government at subsequent periods. For that reason alone was it politic on the part of the minister not to make the alteration of the terms public. But the House of W. Palmer and Co. had no interest whatever in concealing that part of the transaction. This matter being adjusted, the House proceeded to the completion of the loan; and, therefore, the correspondence, which had passed with Rajah Chundoo Loll, was communicated to the Resident, as had been done in the case of the Aurungabad arrangement, for the purpose of clearly exposing the *nature and*

object of the transaction. This was transmitted by Mr. Russell on the 19th of May, 1820, to Calcutta. The documents are fully explanatory of the *nature and object* of the transaction; and it will be seen that the conditions which Messrs. W. Palmer and Co. alone insist on, are such as approach to the prohibited ground, *viz.* the interfering in the collection of districts. That was a subject very properly and specifically submitted for the consideration and approval of the Resident. The sanction of the government of Calcutta was communicated to the Resident on the 15th of July *, and it is remarkable that the government distinctly marks, but without comment or disapproval, that the terms of the loan have not been communicated to them. Nor were Messrs. Palmer and Co. ever asked for them. They were not aware of the discussions that had taken place between the different members of council on the subject. Had they or the Resident but suspected that their fair fame was the object of attack and discussion, they would have been too happy to open and produce their books, where every transaction has been found on examination to have been fully and openly recorded.

Thirdly, It is assumed that the terms on which Messrs. Palmer and Co. finally agreed to advance the fifty-two

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* To H. Russell, Esq., Resident at Hyderabad.

Sir,

1. I have the honour to acknowledge the receipt of your despatch of May 19th.

2. The Governor-general in council authorises you to sanction the loan of 60,00,000 rupees, which the Nizam's government proposes to obtain from the house of William Palmer and Co.

3. The terms of the loan are not mentioned in your despatch; but his lordship understands, that an assignment of sixteen lacs of rupees per annum will discharge the interest and pay off the principal within six years.

4. His lordship is very happy to observe, that this measure will enable the Nizam's government to effect a reduction of expence, to the extent immediately of nine lacs per annum, and eventually of twenty-five.

I have, &c.

Fort William, 15th July 1820.

(Signed) C. T. Metcalfe, Secretary to Government.

lacs to the minister were exorbitant. It does not appear, that to this day any one of the parties who have either originated, repeated, or adopted this assumption has ever taken pen in hand, and sat down calmly to ascertain by calculation what those terms really were; for they are stated by the same persons, at different periods, as being widely different; nor is any single statement or calculation hazarded but on assumed erroneous data.

The House was never either asked for, nor had any opportunity of stating the terms, or of learning that these were the subject of objection, till they were called on, at the end of 1822, for the production of copies of their books. By these it appears that the altered terms, on which the loan was finally agreed to be completed, were these. That instead of sixty lacs, which the house had at first agreed to advance, charging only for interest 18 per cent., the amount was to be reduced to fifty-two lacs, but that 18 per cent was to be charged on the nominal sixty lacs. This was exactly the same as if another form of words had been used to the following effect. That it was to be a loan of fifty-two lacs, on which an interest of $20\frac{3}{4}$ per cent. was to be charged. The amount of annual interest (10,80,000 rupees) is the precise sum to be charged, either on sixty lacs at the rate of 18 per cent., or on fifty-two lacs at the rate of $20\frac{3}{4}$ per cent. But the house would not have found adequate compensation for the risk and expences to be encountered even on these terms, considering the rate of interest which they were subjected to allow to their constituents. The minister, therefore, agreed to give them a further compensation in a promise to pay them eight lacs *at the expiration of the six years.*

The question then is, what was the value of the minister's promissory note for eight lacs of rupees, to become payable only at the expiration of six years, and bearing no interest in the mean time? A calculation in reference to the rate of interest of the country (viz. 24 per cent.) will

show that the note was worth very little more than two lacs of rupees paid down; for that sum, being lent out at interest for six years, would have produced between seven and eight lacs at the end of that period. But this sum would have been its value had there been a real security for its payment when it should have become due. The minister's death, his removal from office, the destruction of the independence of the government, and many other contingencies rendered that distant payment of greatly diminished value. What, then would the note have sold for in the market? What sum would a house of agency have given for it at Calcutta or Madras? In Hyderabad it would have been totally unmarketable. It is confidently affirmed, witwout fear of contradiction, that no house of agency would have given one lac of rupees for it. This then is the mighty sum which was to compensate the house for locking up fifty-two lacks of rupees, to be gradually repaid during six years at $20\frac{3}{4}$ per cent. What the opinion was of Mr. John Palmer, of Calcutta, a pretty competent judge, on the loan, may be collected from the following extracts from letters, which were addressed by him to Sir William Rumbold at the time. It will be seen that he was of opinion that 18 per cent. would not compensate the house, even if they could have borrowed their funds, as they had hoped, at 12 per cent. From these letters it will be seen that the *security* was so bad in the eyes of the monied men at Calcutta, that they would not touch it on any terms, and their principal objection was that they would not lend their money for a longer period than one year.

The result of an impartial investigation of the terms on which the money was lent, shows directly the reverse of any attempt to extort great advantages. The terms were such as the house could only have been willing to consent to, because they found themselves already so deeply involved with the minister, that it was their interest to support him at a momentous crisis of reform which was beneficial to the

State, and thereby could better their security for their existing claims. For although their previous advances had been distinctly recognized by the supreme government, their sole security rested on the good faith and ability of the minister to liquidate them.

Calcutta, 30th July, 1820.

My dear Rumbold,

I received your letter of the 12th instant too late yesterday to answer.

I do not think if he (Hurry Kishen) were ever so zealous, that he could raise the wind for you without our security, and this is a measure I can no longer countenance: so that you will expose your wants to him, and without any benefit whatever to yourselves. I must speak to some of the monied Europeans, and see whether they will come forward with a few lacs: *but I own a want of confidence in the result*, although I should probably raise as large a sum at 8 or 9 per cent. as at 12 per cent., *neither do I believe any one will lend for more than one year.*

I had given you credit for having secured all the funds you required on the spot, and really there is a want of circumspection in the omission, which is reprehensible. But had you secured the whole loan at 12 per cent., I submit whether 18 per cent., if you have no latent advantage, can possibly compensate your anxieties, trouble, and concomitant expences. But you require my aid and not my reflections; I will do you all the good I can, be assured.

Your's faithfully,

(Signed) J. Palmer.

Sir William Rumbold, Bart.
Hyderabad.

Calcutta, 1st Aug. 1820.

My dear Rumbold,

I saw Hurry Kishen yesterday, he encouraged me to hope for one lac from himself, and something from his friends, provided they were secured; and he so pointedly urged the security, that I thought it best to say distinctly we would not be pledged. He assured me that he had not opened his lips to any body, nor would he after my injunction, except to the

monied men, and that provisionally of their consent. I have, however, cause to suspect that he had already conferred with Barretto; for calling upon him immediately after on the same errand, he adverted to Hurry Kishen, too palpably for mere accidental allusion;—said Barretto was averse, and distinctly said he could not propose it to his house; but not willing that I should retire wholly disappointed, he intimated seeing what he could do of himself; he has taken twenty-four hours to consider, and I am still without his answer. I crossed over to James Young to see what he could do, for there is a friendly understanding between us, but he was not come to the office, neither has he to-day; but I hope for an interview to-morrow. These friends are flush, and cannot employ their money, I understand; but there is an aversion to remote engagements. I put both Hurry Kishen and Barretto in full possession of your loan, &c., for I could by no other means make them understand why you wanted money from here; and I told them that it was principally to avoid a dependance on the Shroffs at Hyderabad, that you travelled so far for your supplies. I told Hurry Kishen I wanted in all six lacs, and let him understand that I hoped for three from him. I thought I might pick up as much more between Barretto and Young; I will send for Chundoo Comar, Gopee Mohun's now eldest son, and see whether he will help us, and I won't, with any of them, lose the cash for a niggardly effort to secure it under 12 per cent.

I confess the straits you are in, if you are not humbugging me in point of some reservation, lead me to consider *your project very ill digested and of very little promise.*

Yours affectionately,

(Signed) J. Palmer.

Sir William Rumbold, Bart.
Hyderabad.

No. 3 with Enclosure.

Calcutta, 4th Aug. 1820.

My dear Rumbold,

If all my negociations terminate in this manner, I fear yours will not wind up with éclat: my best hopes were built on Young. Some of the reasons might have been suppressed from a regard to more principles than one, as I happen to know that they are "not reluctant to engage in remote and

foreign transactions," and upon mere speculation, and that with security, they would lay down three or four lacs immediately.

Yours affectionately,

(Signed) J. PALMER.

Sir William Rumbold, Bart.
Hyderabad.

Confidential.

My dear P.

This house *declines*—fearful of the security—unacquainted with the transactions and state of things—reluctant to engage in remote and foreign transactions—I need say no more.

Yours truly,

J. YOUNG.

4th August.

This, then, is the short, clear, and indisputable history of the loan transaction. Out of it has Mr. Metcalfe fabricated charges, to which the most opprobrious epithets have been unwarrantably attached. Upon the bare assumption of their truth has the Bengal government, without any examination, in the teeth of the accounts before them, decreed the ruin and bankruptcy of a house against which, it is confidently affirmed, not one atom of just reproach has been or can be substantiated; and this has been effected by the arbitrary use of threats over the minister of a dependent ally, to deprive him of his office, should he discharge the very debts he to this day acknowledges to be due.

It is confidently submitted that it has been shown in the foregoing pages,

1st. That the original countenance afforded to the house of W. Palmer and Co., was given on 22d April, 1814, upon the application of the partners, and upon the recommendation of the Resident, Mr. Russell: that gentleman and Mr. William Palmer being at the time not on friendly terms.

The concerns in which the house wished to engage were distinctly stated to be, 1st. Banking and agency transactions. 2d. In supplying timber from the forests on the banks of the Godavery.

The countenance was given expressly on the ground of such an establishment being likely to prove of general utility to the interests of commerce, and to afford facilities to the trading concerns between the territories of the Nizam and of the Company. This was communicated to the court of directors on 1st March 1815, and was approved of by them on 20th November 1816.

2d. That Sir William Rumbold became a partner in the month of April 1815.

The private correspondence between Lord Hastings and Sir William Rumbold, on the project of the latter entering into the house, shows that it was discouraged by his lordship.

3d. That the house addressed a letter on the 27th June 1816, to the Governor-general in council, fully and openly making known the nature and extent of their transactions at Hyderabad with the Nizam's government, but stating their apprehensions that the 37th Geo. III. required a specific license under the hand and seal of the Governor-general, to protect them from the penalties attaching to pecuniary dealings between British subjects and a native government. Their letter states distinctly the public grounds on which they conceive the licence should be granted in the real spirit of that act. The statute itself was submitted to the advocate-general, who stated there was no legal objection to the council acceding to the application.

All the members of council signed the license, agreeing fully in the propriety of the measure.

This act of the supreme government was communicated to the Court of Directors on the 3d January 1817.

The Court of Directors did not reply to this communication till 24th May 1820, three years and four months

afterwards, when they peremptorily commanded its instant recall. In December of that year the Bengal government informed the Court their orders had been obeyed.

4th. That in December 1816, Mr. Russell informed the supreme government of the contract into which Messrs. W. Palmer and Co. had entered with the Nizam's minister to pay a body of horse by regular monthly supplies of 52,000 rupees, which was approved.

5th. That in 1819 the Resident informed the council that a similar arrangement had been made with that house for the payment of a body of reformed troops at Aurungabad, after the rate of two lacs of rupees per month. This was also approved.

6th. That in May 1820 the Resident submitted to the council the negociation of a loan which was proposed to the house by the minister, in order to enable him to discharge arrears of pay due to useless troops, and to discharge debts he had incurred to the house on the two before mentioned transactions, as also debts to the Soucars, and to enable him to make advances to the cultivators and to relax his immediate demands on some of the districts. This transaction was sanctioned in July 1820.

7th. That the discussions in council and the Resident's letters establish, not only the sound political grounds on which the Governor-general sanctioned the three foregoing transactions, but that the results arising from them completely confirmed the wisdom of those decisions.

The safety of India, in the crisis which existed in the years 1817, 1818, and 1819, was mainly secured by and resulted from the establishment and sanction to those very pecuniary transactions of the house. The Nizam's country was secured and converted into an effective ally by those supplies of Messrs. William Palmer and Co., without which it would unquestionably have been a most dangerous enemy.

8th. That there is not a single ground on which to

support a charge of any partial or undue feeling having swayed the Governor-general in a single act regarding the house; but that, on the contrary, there was unfounded prejudice and jealousy on the part of other members of Council, openly avowed by themselves as the grounds on which alone they opposed themselves to measures obviously beneficial to the Nizam's and the British interests.

And finally, That the credulity of the directors, and the blind confidence of the Bengal government in the bare assertions of Mr. Metcalfe, have been the means of enabling that person to effect the ruin of Messrs. William Palmer and Co., and to blacken the characters of honourable and irreproachable men.

THE END.